



**SCHEME OF COMPROMISE, ARRANGEMENT AND RECONSTRUCTION
(UNDER SECTION 279 TO 283, 285 AND ALL OTHER ENABLING
PROVISIONS OF THE COMPANIES ACT, 2017)**

BETWEEN

(1) SERVICE INDUSTRIES LIMITED AND ITS MEMBERS

AND

(2) SERVICE TYRES (PRIVATE) LIMITED AND ITS MEMBERS

AND

(3) SERVICE RETAIL (PRIVATE) LIMITED AND ITS MEMBERS

AND

(4) SERVICE INDUSTRIES CAPITAL (PRIVATE) LIMITED AND ITS MEMBERS

**NOTICE OF EXTRAORDINARY GENERAL MEETING
OF
SERVICE INDUSTRIES LIMITED**

SERVICE INDUSTRIES LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that pursuant to the Order dated 02 April, 2024 of the Honorable Lahore High Court, Lahore passed in C.O. No. 20997 of 2024, an Extra-Ordinary General Meeting (hereinafter the 'EOGM') of Service Industries Limited (hereinafter the 'Company' or 'SIL') will be held on Monday, 06 May, 2024, at 2:00 P.M at Shalimar Tower Hotel, Adjacent Servis House, 2-Main Gulberg, Lahore to transact the following business:

Special Business:

To consider and if thought fit, to agree, approve and adopt the Scheme of Compromises, Arrangements and Reconstruction (the "Scheme") between Service Industries Limited and its wholly owned subsidiaries, Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited by passing or otherwise, the following special resolution, with or without modification(s), addition(s) or deletion(s):

“Resolved that the Scheme of Arrangement for, inter alia, compromise, arrangement and reconstruction (the “Scheme”) between M/s. Service Industries Limited and its members, M/s. Service Tyres (Private) Limited and its members, M/s. Service Retail (Private) Limited and its members and M/s. Service Industries Capital (Private) Limited and its members, considered by this meeting and initialled by the chairpersons of this meeting for purposes of identification, be and is hereby approved, adopted and agreed, subject to any modification(s) or conditions as may be required/imposed by the Honourable Lahore High Court, Lahore.

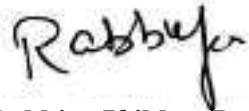
Resolved Further that, the Chief Executive Officer and / or Company Secretary of the Company, singly, be and are hereby authorized to take any steps / measures for the implementation and completion of the Scheme”.

Chairpersons of the meeting,



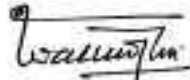
Mr. Subbah Sadiq

Advocate
Tayyab House (Basement),
13-Fane Road, Lahore
Chairperson



Ms. Rabbia Iftikhar Bajwa

Advocate
Office No. 37, 3rd Floor, Sadiq
Plaza, Mall Road, Lahore
Chairperson



Waheed Ashraf
Company Secretary

Lahore
09 April, 2024

Notes:

1. The Statement under Section 281 of the Companies Act, 2017 (hereinafter the “**Act**”) read with the statement of material facts under Section 134(3) of the Act (hereinafter the “**Statement**”) setting forth, *inter alia*, the terms of the compromises, arrangements and reconstruction and explaining its effect, along with a copy of the Scheme of Compromises, Arrangements and Reconstruction (hereinafter the “**Scheme**”) are being circulated along with Notice of the EOGM to the members and other person(s) entitled to receive notice of EOGM.
2. Copies of the Scheme and the Statement can also be obtained, free of charge, from the Registered Office of the Company located at Service House, 2-Main Gulberg, Lahore during usual business hours i.e., 9:00 a.m. to 5:00 p.m. by the members and other persons entitled to attend the EOGM by making application addressed to the Company Secretary, Service Industries Limited, Service House, 2-Main Gulberg, Lahore.
3. Copies of the Scheme, the Statement, the latest annual/quarterly audited financial statements of the Company along with all published or otherwise required financial statements of all prior periods of the Company along with copies of its Memorandum and Articles of Association, other report(s) and related information/documents have been kept at the Registered Office of the Company which can be inspected during the business hours on any working day from the date of publication of this notice till the day before the EOGM by the members and other persons entitled to attend the EOGM. The same will also be available for inspection at the EOGM. In case of any difficulty, the same should be brought immediately to the notice of the mentioned Chairperson.
4. Notice of EOGM along with the Statement, the Scheme and the latest annual / half yearly audited financial statements have also been placed on the website of the Company.
5. The Shares Transfer Books of the Company will remain closed from 30 April, 2024 to 06 May, 2024 (both days inclusive). Transfers received at Company's Share Registrar and Transfer Agent's Office, M/s Corplink (Private) Limited, Wing Arcade, 1-K, Commercial, Model Town, Lahore by the close of business hours on 29 April, 2024 will be treated as being in time for the purpose of attending and voting at EOGM.
6. 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 EOGM. 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 EOGM. A proxy must be a member of the Company. Proxy Forms in Urdu and English languages are attached to the notice of EOGM circulated to the shareholders.
7. Members who have deposited their shares into Central Depository Company of Pakistan Limited (“CDC”) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board’s resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board’s resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

8. The members can also participate in the Extraordinary General Meeting through video link facility.

To attend the EOGM through video link, members and their proxies 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 May 02, 2024.

9. Procedure for E-Voting

- a. In accordance with the Companies (Postal Ballot) Regulation, 2018, (the “Regulations”) the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- b. Detail of e-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses (Registered e-mail ID) available in the Register of Members of the Company by the end of business on April 29, 2024. Members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before April 29, 2024.
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote for agenda item online from May 03, 2024 till May 05, 2024 5:00 p.m. Voting shall close on May 05, 2024, at 5:00 p.m. A vote once cast by a Member, shall not be allowed to be changed.

10. Procedure for Voting Through Postal Ballot

- a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company’s website www.servisgroup.com to download.
- b. The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairperson of the meeting through post at the following address:

Ms. Rabbiya Iftikhar Bajwa
 Office No. 37, 3rd Floor, Sadiq Plaza, Mall Road, Lahore
rabbiyabajwa@gmail.com

one working day before the EOGM during working hours i.e. on Friday May 03, 2024, before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

11. Members are requested to immediately notify the change, if any, in their registered addresses to the Share Registrar and Transfer Agent of the Company.

STATEMENT UNDER SECTION 281 (1) (a) READ WITH SECTION 134 (3)
OF THE COMPANIES ACT, 2017

In Civil Original No. 20997 of 2024 and Civil Miscellaneous Application No. 1 of 2024 in Civil Original No. 20997 of 2024, the Lahore High Court, Lahore has been petitioned under Sections 279-283 and 285 of the Companies Act, 2017 (“Act”), for sanction of and for other orders facilitating implementation of the Scheme of Arrangement (the “Scheme”) for, *inter alia*, reconstruction of M/s. Service Industries Limited (“SIL”) and its members, Service Tyres (Private) Limited (“STPL”) and its members, Service Retail (Private) Limited (“SRPL”) and its members, and Service Industries Capital (Private) Limited (“SICPL”) (hereinafter collectively referred to as the “Servis Group” or “Companies” or “Petitioners” and individually as “Petitioner” or “Company”). In the abovementioned proceedings, the Honourable Court has directed the convening of separate meetings of the members of each Company for seeking their approval to the Scheme.

Formal notice convening the meeting as directed by the Honourable Court is attached herewith along with copy of the Scheme. Copies of the Scheme may also be obtained from the respective Registered Offices of the Companies during normal office hours on application prior to the meeting by members.

All terms defined in the Scheme have the same meaning in this document, unless the context otherwise requires.

The resolution proposed for the consideration of the meeting as set forth in the accompanying notice convening the meeting is as follows:

“RESOLVED THAT the Scheme of Arrangement for, inter alia, compromise, arrangement and reconstruction (the “Scheme”) between M/s. Service Industries Limited and its members, M/s. Service Tyres (Private) Limited and its members, M/s. Service Retail (Private) Limited and its members and M/s. Service Industries Capital (Private) Limited and its members, considered by this meeting and initialled by the chairpersons of this meeting for purposes of identification, be and is hereby approved, adopted and agreed, subject to any modification(s) or conditions as may be required/imposed by the Honourable Lahore High Court, Lahore.

Resolved Further that, the Chief Executive Officer and / or Company Secretary of the Company, singly, be and are hereby authorized to take any steps / measures for the implementation and completion of the Scheme”.

As required by Section 279(2) of the Act, this resolution has to be passed at separate meetings of SIL, STPL, SRPL and SICPL, convened under the orders of the Honourable High Court, by a majority representing three-fourths in value of the issued shares held by the members of SIL, STPL, SRPL and SICPL, respectively, present in person or by proxy and voting at the meeting of each Company. The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Honourable Court after the Scheme is approved by the requisite majority at the meetings being convened for this purpose.

In case you are unable to attend the meeting convened by the accompanying notice, you may appoint your proxy by completing the proxy form attached to the notice (in which you can direct the proxy how you wish him to vote) and send the completed form as soon as possible to the registered office(s) of the Companies which, in this case is Servis House, 2-Main Gulberg, Lahore. Proxies for the meeting will not be treated as valid unless proxy forms are received at least 48 hours before the time of the meeting.

Businesses of SIL, STPL, SRPL and SICPL

SIL is a public listed company incorporated on March 20, 1957, under the laws of Pakistan. The registered office of SIL is situated at Servis House, 2-Main Gulberg, Lahore. The principal business activity of SIL is purchase, manufacture and sale of footwear, tyres and tubes, spare parts of automobiles and technical rubber products, and post sanction of Scheme by the Honourable Court, SIL will act as a holding company of STPL, SRPL and SICPL.

STPL is a private limited company incorporated on December 21, 2023, under the laws of Pakistan. STPL is a wholly owned subsidiary of SIL. The registered office of STPL is situated at Servis House, 2-Main Gulberg, Lahore. The principal business activity of STPL is manufacturing, trading, sale, marketing, retail, wholesale, import and export of all types of tyres, tubes, spare parts and allied products. STPL has not yet undertaken any business activity.

SRPL is a private limited company incorporated on December 21, 2023, under the laws of Pakistan. SRPL is a wholly owned subsidiary of SIL. The registered office of SRPL is situated at Servis House, 2-Main Gulberg, Lahore. The principal business activity of STPL is manufacturing, sale, trading, retail, wholesale, marketing, import and export of footwear, bags, apparel, accessories and other items / products. STPL has not yet undertaken any business activity.

SICPL is a private limited company incorporated on November 10, 2015, under the laws of Pakistan. SICPL is a wholly owned subsidiary of SIL. The registered office of SICPL is situated at Servis House, 2-Main Gulberg, Lahore. The principal business activity of SICPL is to hold investments in subsidiaries / joint ventures and other companies in Pakistan or elsewhere.

Advantages of the Restructuring

The benefits of the Scheme, shall include but are not limited to the following:

- i. Enabling SIL to act as a holding company for STPL and SRPL, while allowing STPL and SRPL to independently operate their businesses on regular basis;
- ii. Progression of businesses of SIL, STPL, SRPL through independent operation in specialised lines of business;
- iii. Enabling the Companies to focus on their specific core business and operations by straightening management and finances and thus, facilitating the businesses to be carried on more advantageously, economically and profitably;
- iv. This bifurcation will result in the independent businesses to be managed in a more effective, efficient, and beneficial manner, thus, benefiting the shareholders of SIL; and
- v. The transfer of SPL Shares into SICPL shall consolidate the entirety of SPL's shareholding into SICPL, which being the investment holding company of the Servis Group will enhance decision-making efficiency and streamline the administration for greater simplicity and effectiveness.

The Scheme of Arrangement

Objects

The principal object of this Scheme, formulated pursuant to the provisions of Sections 279 to 283 of the Act, is for the transfer and vesting in STPL of the Tyre Undertaking of SIL, transfer and vesting in SRPL of the Retail Undertaking of SIL and transfer and vesting in SICPL of the SPL shares held by SIL, together with all rights, liabilities and obligations of SIL pertaining to the Tyre Undertaking, Retail Undertaking, SPL Shares, respectively, as specified in the Scheme.

Approvals received and swap ratio

The Scheme has been approved by the respective Boards of Directors of SIL, STPL, SRPL and SICPL for seeking sanction of the shareholders and the Honourable Court. As consideration for the proposed transfer of Tyre Undertaking, Retail Undertaking and SPL Shares of SIL, the STPL, SRPL and SICPL, respectively, shall do the following, in accordance with the certificate prepared by M/s. Riaz Ahmad & Co., Chartered Accountants:

- i. for the transfer of Tyre Undertaking, STPL shall issue and allot 666,224,300 fully paid-up ordinary shares of Rs. 10/- (PKR Ten only) each to SIL, on the basis of net assets of STPL, as of the Effective Date. These shares shall rank pari passu with the existing ordinary shares of STPL (held by SIL).
- ii. for the transfer of Retail Undertaking, un-appropriated profit of SIL shall be credited with Rs. 322,992,000/- (PKR Three Hundred Twenty-Two Million Nine Hundred Ninety-Two Thousand Only) and SRPL shall recognize a negative reserve arising of the same amount in its books of accounts, as of the Effective Date.
- iii. for the transfer of SPL Shares, SICPL shall issue and allot 34,082,700 fully paid-up ordinary shares of Rs. 10/- (PKR Ten only) to SIL. These shares shall rank pari passu with the existing ordinary shares of SICPL (held by SIL).

Scheme subject to sanction by Court

The Scheme is subject to sanction of the Lahore High Court and may be sanctioned in its present form or with any modification therein or addition thereto as the Honourable Court may approve and the Scheme, with such modification or addition if any, is also subject to any conditions, which the Honourable Court may impose. The Boards of Directors of SIL, STPL, SRPL and SICPL have the power to consent on behalf of all concerned to any modifications or additions to the Scheme or to any conditions, which the Honourable Court may think fit to impose.

The Scheme shall become binding and operative on the date the Honourable Court sanctions the Scheme. When the Scheme becomes operative (“**Sanction Date**”), the bifurcation of assets of SIL in accordance with the Scheme will be treated as having taken effect from 00:00 hours on January 1, 2024 (“**Effective Date**”). Accordingly, as from that time and until the Tyre Undertaking, Retail Undertaking and SPL Shares are actually transferred to and vested in STPL, SRPL and SICPL, respectively, the businesses of SIL to this extent will be deemed to have been carried on for and on account and for the benefit of STPL, SRPL and SICPL, and further SIL will hold Tyre Undertaking, Retail Undertaking and SPL Shares in trust for STPL, SRPL and SICPL.

Assets, properties, rights, liabilities, obligations and legal proceedings

The transfer to and vesting in STPL, SRPL and SICPL of the Tyre Undertaking, Retail Undertaking and SPL Shares, respectively, in accordance with the Scheme, will include all the liabilities and obligations of SIL with respect to the Tyre Undertaking, Retail Undertaking and SPL Shares, respectively, howsoever arising and after the bifurcation is accomplished, STPL, SRPL and SICPL, as the case may be, will discharge all such outstanding liabilities and will perform all such outstanding obligations as if they were originally the liabilities and obligations of STPL, SRPL and SICPL, as the case may be.

All legal proceedings instituted by or against SIL in respect of Tyre Undertaking, Retail Undertaking and SPL Shares, respectively, will be treated as proceedings pending against STPL, SRPL and SICPL, as the case may be, and may be continued, prosecuted and enforced by or against STPL, SRPL and SICPL accordingly.

Employees

As from the Effective Date, Tyre Employees and Retail Employees, who have consented, shall be deemed to be the employees of STPL and SRPL, respectively, on the same terms and conditions on which they were employed by SIL immediately prior to the Effective Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by SIL.

The provident fund and gratuity fund in the name of “SIL Employees Provident Fund” and “SIL Employees Gratuity Fund” and any rules, and other instruments made thereunder will be continued for the benefits of the Tyre Employees and Retail Employees, as the case may be, and the services of the Tyre Employees and Retail Employees will be treated as having been continuous and not interrupted for the purpose of the aforesaid employees’ provident fund and gratuity fund.

Costs

All costs, charges and expenses incurred in connection transfer to and vesting in the Transferees of the Transferred Assets and Undertakings and all other costs, charges and expenses incurred in respect of the preparation of the Scheme and carrying the same into effect shall be borne and paid by SIL.

Financial Information

SIL

The authorized share capital of SIL is Rs. 1,000,000,000/- (PKR One Billion only) divided into 100,000,000 ordinary shares of Rs. 10/- (PKR Ten only) each and the issued, subscribed and paid-up capital of SIL is Rs. 469,874,540/- (PKR Four Hundred Sixty-Nine Million Eight Hundred Seventy-Four Thousand Five Hundred and Forty only) divided into 46,987,454 ordinary shares of Rs. 10/- (PKR Ten only) each.

The profits/(loss) after taxation of SIL for each of the financial years 2019 to 2023 as shown in its audited accounts and the dividends declared on ordinary shares for each year were:

As on December 31 st of the said years	After Tax Profit / (Loss)	Ordinary Share Capital	Dividend Paid	Bonus Shares
	(Rs. ‘000)	(Rs. ‘000)	(%)	(%)
2019	886,364	187,950	200%	50%
2020	690,024	234,937	150%	100%
2021	356,826	469,874	75%	Nil
2022	354,427	469,874	50%	Nil
2023	1,342,136	469,874	100%	Nil

STPL

The authorized share capital of STPL is Rs. 10,000,000/- (PKR Ten Million only) divided into 1,000,000 ordinary shares of Rs. 10/- (PKR Ten only) each, and the issued, subscribed and paid-up capital of STPL is Rs. 5,000,000/- (PKR Five Million only) divided into 500,000 ordinary shares of Rs. 10/- (PKR Ten only) each.

STPL was recently incorporated on December 21, 2023.

SRPL

The authorized share capital of SRPL is Rs. 10,000,000/- (PKR Ten Million only) divided into 1,000,000 ordinary shares of Rs. 10/- (PKR Ten only) each, and the issued, subscribed and paid-

up capital of SRPL is Rs. 5,000,000/- (PKR Five Million only) divided into 500,000 ordinary shares of Rs. 10/- (PKR Ten only) each.

SRPL was recently incorporated on December 21, 2023.

SICPL

The authorized share capital of SICPL is Rs. 400,000,000/- (PKR Four Hundred Million only) divided into 40,000,000 ordinary shares of Rs. 10/- (PKR Ten only) each, and the issued, subscribed and paid-up capital of SICPL is Rs. 400,000,000/- (PKR Four Hundred Million only) divided into 40,000,000 ordinary shares of Rs. 10/- (PKR Ten only) each.

The profits/(loss) after taxation of SICPL for each of the financial years 2019 to 2023 as shown in its audited accounts and the dividends declared on ordinary shares for each year were:

As on December 31st of the said years	After Tax Profit / (Loss)	Ordinary Share Capital	Dividend paid	Bonus Shares
	(Rs. '000)	(Rs. '000)	(%)	(%)
2019	11,840	300,000	Nil	Nil
2020	(48,563)	300,000	Nil	Nil
2021	(37,109)	300,000	Nil	Nil
2022	13,307	400,000	Nil	Nil
2023	(113,085)	400,000	Nil	Nil

Directors and Management

Directors of SIL

The following are the names of the present Board of Directors of SIL and their holdings of shares in SIL:

Sr.	Name	Shareholding	%
1	Ms. Uzma Adil Khan (Chairperson)	1	0.0
2	Mr. Arif Saeed (CEO) and his spouse	5,136,666	10.9
3	Mr. Omar Saeed	4,765,824	10.1
4	Mr. Hassan Javed	9,064,524	19.3
5	Mr. Muhammad Naeem Khan	1,000	0.0
6	Mr. Shahid Hussain Jatoi (Nominee of NIT)	-	-
7	Mr. Ahsan Bashir	100	0.0
8	Mr. Adil Matcheswala	1	0.0
9	Chaudhry Saif Javed	10	0.0
	Total	18,968,126	40.3

Directors of STPL

The following are the names of the present Board of Directors of STPL and their holdings of shares in STPL:

Sr.	Name	Shareholding	%
1	Mr. Arif Saeed (CEO/Director) (Nominee of SIL)	1	0.00
2	Mr. Omar Saeed (Nominee of SIL)	-	0.00
3	Mr. Hassan Javed (Nominee of SIL)	-	0.00
4	Chaudhry Saif Javed (Nominee of SIL)	-	0.00
5	Mr. Muhammad Ejaz (Nominee of SIL)	-	0.00
	Total	1	0.00

Directors of SRPL

The following are the names of the present Board of Directors of SRPL and their holdings of shares in SRPL:

Sr.	Name	Shareholding	%
1	Mr. Arif Saeed (CEO/Director) (Nominee of SIL)	1	0.00
2	Mr. Omar Saeed (Nominee of SIL)	-	0.00
3	Mr. Hassan Javed (Nominee of SIL)	-	0.00
4	Chaudhry Saif Javed (Nominee of SIL)	-	0.00
5	Mr. Kashif Aziz Khwaja (Nominee of SIL)	-	0.00
	Total	1	0.00

Directors of SICPL

The following are the names of the present Board of Directors of SICPL and their holdings of shares in SICPL:

Sr.	Name	Shareholding	%
1	Mr. Omar Saeed (CEO/Director) (Nominee of SIL)	1	0.00
2	Mr. Arif Saeed (Nominee of SIL)	1	0.00
3	Mr. Hassan Javed (Nominee of SIL)	1	0.00
	Total	3	0.00

Interest of Directors

The directors of SIL, STPL, SRPL, and SICPL, as holders of shares in the SIL or as nominee of SIL in STPL, SRPL and SICPL are interested in the terms of the Scheme and any benefit accruing to the directors of each Company as a result of the Scheme in the capacity of shareholders of the Company to this extent does not differ from the benefits accruing to other members of the Company.

The Directors who are performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per the respective policies of SIL, SRPL, STPL and SICPL.

Effect of each class of members

The Companies have only one class of members each. The effect of the Scheme on the interests of Directors / CEO of the Companies does not differ from the effect on the like interest of other members except as stated herein and under the Scheme and that the Directors of the SIL are members and directors (as nominees of SIL) of the other Companies. The Directors / Chief Executive performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per the respective policies of the Companies, therefore, they may be regarded as interested to that extent in the Scheme concerning the said companies.

Report of Expert with regard to valuation:

Auditor's Certificate dated 27 February, 2024, prepared by M/s. Riaz Ahmad & Co., Chartered Accountants, in respect of the Scheme is attached with the Notice.

Compensation for Loss of Office

No directors of any Company will be relinquishing their respective offices in the said company as a result of reconstruction.

Filing of the Scheme:

A copy of the Scheme has been filed with the Registrar, Company Registration Office, Securities and Exchange Commission of Pakistan, Lahore.

Documents for Inspection

The following documents are available for inspection with the Company Secretary at the registered office of the respective Company at Servis House, 2-Main Gulberg, Lahore, and may be inspected up to and including the day preceding the date of the meeting during normal office hours:

- (a) Memorandum and Articles of Association
- (b) Latest Audited Accounts
- (c) Scheme of Arrangement

SCHEME OF ARRANGEMENT

BETWEEN

(1) SERVICE INDUSTRIES LIMITED AND ITS MEMBERS

AND

(2) SERVICE TYRES (PRIVATE) LIMITED AND ITS MEMBERS

AND

(3) SERVICE RETAIL (PRIVATE) LIMITED AND ITS MEMBERS

AND

(4) SERVICE INDUSTRIES CAPITAL (PRIVATE) LIMITED AND ITS MEMBERS

**(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283
AND ALL OTHER ENABLING PROVISIONS
OF THE COMPANIES ACT, 2017)**



PREAMBLE

SERVICE INDUSTRIES LIMITED

BACKGROUND

SERVICE INDUSTRIES LIMITED (hereinafter referred to as “SIL”) was incorporated as a private limited company on March 20, 1957, under the laws of Pakistan under the laws of Pakistan. SIL was converted into a public limited company on September 23, 1959, and was listed on June 27, 1970 on the Karachi Stock Exchange (now Pakistan Stock Exchange), having Corporate Universal Identification Number 0000864. Its registered office is situated at Servis House 2-Main Gulberg, Lahore. The ownership and management of SIL is specified in Article 2 (I).

SERVICE TYRES (PRIVATE) LIMITED

BACKGROUND

SERVICE TYRES (PRIVATE) LIMITED (hereinafter referred to as “STPL” or “Service Tyres”) was incorporated on December 21, 2023, as a private limited company under the provisions of the Companies Act, 2017 and has its registered office at Servis House 2-Main Gulberg, Lahore. The ownership and management of STPL is specified in Article 2 (II).

SERVICE RETAIL (PRIVATE) LIMITED

BACKGROUND

SERVICE RETAIL (PRIVATE) LIMITED (hereinafter referred to as “SRPL” or “Service Retail”) was incorporated on December 21, 2023, as a private limited company under the provisions of the Companies Act, 2017 and has its registered office at Servis House 2-Main Gulberg, Lahore. The ownership and management of SRPL is specified in Article 2 (III).

SERVICE INDUSTRIES CAPITAL (PRIVATE) LIMITED

BACKGROUND

SERVICE INDUSTRIES CAPITAL (PRIVATE) LIMITED (hereinafter referred to as “SICPL” or “Service Capital”) was incorporated on November 10, 2015, as a private limited company under the laws of Pakistan, and has its registered office at Servis House, 2-Main Gulberg, Lahore. The ownership and management of SICPL is specified in Article 2 (IV).



Objective and Benefits

The principal object of this Scheme of Arrangement, formulated pursuant to the provisions of Sections 279 to 283 of the Companies Act, 2017 is to provide for the reconstruction of SIL by:

- (i) the separation of the Transferred Assets and Undertakings (defined hereinafter in Article 1) inclusive of all assets, rights, liabilities and obligations of SIL (except for the Retained Assets and Undertakings (defined hereinafter in Article 1)) pertaining thereto;
- (ii) the transfer and vesting of the Tyre Undertaking (defined hereinafter in Article 1) into STPL;
- (iii) the transfer and vesting of the Retail Undertaking (defined hereinafter in Article 1) into SRPL; and
- (iv) the transfer and vesting of the SPL Shares (defined hereinafter in Article 1) into SICPL.

The benefits of the Scheme of Arrangement, shall include but are not limited to the following:

- i. This Scheme will allow SIL to act as holding company in respect of STPL and SRPL. While SIL can oversee, supervise and control (to the extent possible), the management of STPL and SRPL shall independently operate businesses on a regular basis;
- ii. Progression of the businesses of SIL, STPL and SRPL shall be through operation of independent and specialized lines of business;
- iii. Enable SIL, STPL and SRPL to focus on their specific core businesses and operations by strengthening management and finances and thus, facilitating the businesses to be carried on more advantageously, economically and profitably;
- iv. This arrangement will result in the businesses being managed and carried out in a more effective, efficient and beneficial manner, thus benefitting the shareholders of SIL; and
- v. The transfer of SPL Shares into SICPL shall consolidate the entirety of SPL shareholding into SICPL being the investment holding company in the Servis Group, enhancing decision-making efficiency, streamlining administration for greater simplicity and effectiveness.



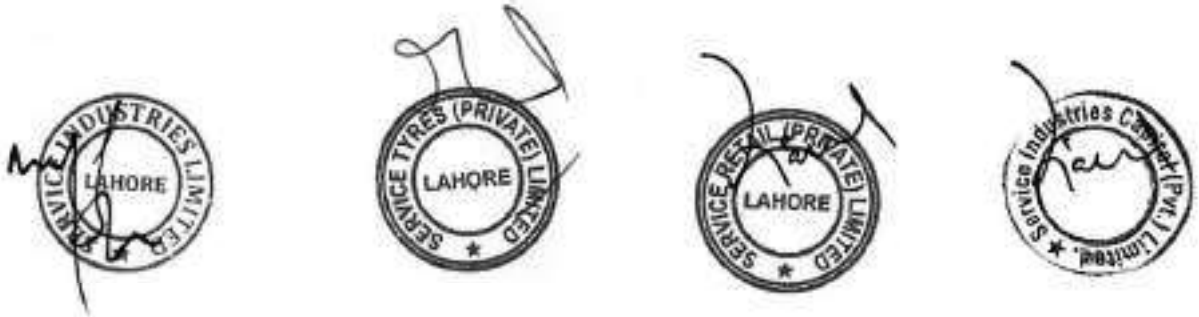
Effectiveness of the Scheme

1. The Scheme shall become binding and operative on the Sanction Date (as defined below) with deeming effect from the Effective Date.
2. The vesting of Tyre Undertaking in STPL, Retail Undertaking in SRPL and transfer of SPL shares into SICPL shall be deemed to have taken effect on the Effective Date (as defined below) in terms fully set forth in this Scheme.
3. As between the Effective Date and the Sanction Date, there is no restriction on the conduct of the business of SIL, in particular in relation to the Tyre Undertaking and Retail Undertaking.
4. As and from the Effective Date and until occurrence of the Sanction Date:
 - a. SIL shall carry on and be deemed to have carried on the business relating to the Tyre Undertaking for and on behalf of STPL and shall stand possessed of, and hold, the Tyre Undertaking in trust for STPL;
 - b. SIL shall carry on and be deemed to have carried on the business relating to the Retail Undertaking for and on behalf of SRPL and shall stand possessed of, and hold, the Retail Undertaking in trust for SRPL;
 - c. any income, sales including exports, or profits accruing or arising to SIL or made by SIL, and all costs, charges, expenses and losses or tax incurred by SIL, in relation to each of the Tyre Undertaking and Retail Undertaking shall for all purposes be treated as the income, sales including exports, profits, costs, charges, expenses and losses or tax of STPL and SRPL, respectively;
 - d. any rights, titles, assets, privileges, powers, licenses, permissions, claims, interests, liabilities and obligations of SIL which arise or accrue in relation to each of the Tyre Undertaking and Retail Undertaking shall be deemed to be the rights titles, assets, privileges, powers, licenses, permissions, claims interests, liabilities and obligations of STPL and SRPL, respectively;
 - e. SLM Shares shall be deemed to have been owned and held for and on account and for the benefit of each of STPL and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to SIL from or on account of the SLM Shares shall be treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to STPL;
 - f. SPL Shares shall be deemed to have been owned and held for and on account and for the benefit of SICPL and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to SIL from or on account of the



SPL Shares shall be treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to SICPL; and

- g. any transactions, acts, deeds done in the normal course of business and/or sanctioned by the Board of Directors of SIL in relation to each of the Tyre Undertaking, Retail Undertaking and SPL shares shall be deemed to have been carried out for the benefit of STPL, SRPL and SICPL respectively.



ARTICLE-1 – DEFINITIONS

DEFINITIONS

- (I) In this Scheme of Arrangement (including the Preamble hereto), the following expressions shall bear the meanings specified against them below:
- (A) “**Act**” means the Companies Act, 2017;
- (B) “**Court**” means the Lahore High Court, Lahore or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 of the Companies Act, 2017, in connection with this Scheme;
- (C) “**CRO Lahore**” means the Companies Registration Office Lahore, Securities and Exchange Commission of Pakistan;
- (D) “**Effective Date**” means 00:00 hours on January 1, 2024;
- (E) “**Export Facilitation Scheme**” or “**EFS**” means the facility provided by FBR through rules framed vide SRO 957(I)/2021 dated 30-07-2021 to facilitate exporters by allowing duty and tax free import of plant, machinery, equipment, component parts, raw material, packing material and accessories;
- (F) “**EDB Approved Quota**” means the quota of items to be imported, duly approved by Engineering Development Board under SRO 655(I)/2006 dated 22-06-2006 exempting raw materials, sub-components, components and sub-assemblies, as are not manufactured locally, imported for manufacture of components and assemblies from that much of the custom duties leviable under First Schedule to the Customs Act, 1969 as are in excess of the rates specified in the said SRO;
- (G) “**Encumbrances**” mean (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrances of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of first refusal, transfer restrictions in favor of any person; and (iii) adverse claim as to possession or use;
- (H) “**FBR**” means the Federal Board of Revenue, Government of Pakistan;
- (I) “**Manufacturing Bond**” means facility provided by FBR through rules framed vide SRO 450(I)/2001, dated 18-06-2001 to facilitate exporters by allowing duty and tax free import of raw material, packing material and accessories;



- (J) **“Minimum Tax Credits”** means minimum tax paid under Section 113 of the Income Tax Ordinance, 2001, which exceeds the actual tax payable by the taxpayer under Division II, Part I of the First Schedule to the Income Tax Ordinance, 2001, and the excess amount of tax paid shall be carried forward by the tax payer for adjustment against normal tax liability of subsequent tax years;
- (K) **“Retail Business”** means the business carried out by SIL in relation to retail, excluding any retail business relating to Tyre Undertaking and Retained Assets and Undertaking;
- (L) **“Retail Employees”** means all employees of SIL who are employed wholly and/or principally for the purposes of the Retail Business and have given their consent to have their employment transferred to SRPL in terms of this Scheme;
- (M) **“Retail IP”** means all rights, title and interest of SIL relating to the Retail Business, anywhere in the world, in any patents, trademarks, service marks, designs, copyrights, inventions, customer database and customer relationships including, without limitation, any licenses (inclusive of the benefits and obligations of such licenses) for the same, and any applications or the rights to apply for protection or registration of any of the same having an effective filing date or priority date on or earlier than the Sanction Date, and any continuing, reissue, divisional and re-examination patent application, including as specified in **Schedule I(A), I(B) and I(C)**;
- (N) **“Retail Assets & Liabilities”** shall comprise the following:
- (a) the Retail Business as a going concern;
 - (b) the assets of SIL relating exclusively or primarily to the Retail Business by whatever title held:
 - (i) any office facilities (including all related infra-structure) rented exclusively or primarily for the Retail Business, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof;
 - (ii) any retail shops (with all related infra-structure), including but not limited to, shops leased or rented by SIL and/or under negotiation, along with all related lease agreements, common area maintenance agreements and security deposits paid for the purposes of the Retail Business under their respective contracts;
 - (iii) Point of Sale (“POS”) as specified in **Schedule II**;
 - (iv) all motor vehicles, furniture, fixtures and fittings owned or leased exclusively or primarily for the Retail Business;



- (v) all assets, rights and liabilities owned by, or under the control of SIL and used in the conduct of the Retail Business, including without limitation, computers, machinery, tools, equipment, furniture, motor vehicles, fixtures and fittings and other tangible assets etc.;
- (vi) to the extent the same relate to the Retail Business, all inventory, generators, stocks of fuels for generators, office supplies etc.;
- (vii) the goodwill of SIL in relation to the Retail Business and exclusive right of SIL to represent itself as owning, operating and managing the Retail Business;
- (viii) all rights, title and interest of SIL relating to the Retail Business in technical data and know-how, industrial and technical information, trade secrets, secret processes, confidential information, drawings, formulations, technical reports, operating and testing procedures or instruction manuals, the results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche);
- (ix) all insurance policies relating to the Retail Business;
- (x) to the extent the same relate to the Retail Business, all contracts which remain in whole or in part to be performed at the Sanction Date entered into by or subsisting in favour of SIL, inclusive of all rights and obligations of SIL arising thereunder;
- (xi) the short-term running finance, money market and non-funded facilities obtained by SIL for the purposes of the Retail Business as specified in **Schedule III** hereto;
- (xii) long term finance facilities obtained by SIL for the purposes of the Retail Business as per **Schedule IV** attached to the Scheme;
- (xiii) to the extent the same relate to the Retail Business, all agreements, the benefits of contracts (including employment/service contracts), trusts, leases, conveyances, grants, instruments of transfer, engagements, commitments and arrangements entered into by or subsisting in favor of SIL, inclusive of all rights and obligations of SIL arising thereunder;
- (xiv) to the extent the same relate to the Retail Business, all historical and current documents, customer lists, product and supplier lists, catalogues, literature, employee records, documents of title, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and any advertising or other promotional materials and accounting (including management account records) and other financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche);



- (xv) to the extent the same relate to the Retail Business, all claims, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable to SIL (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments (both short term and long term, including without limitation, investments in shares, debentures, debt instruments and other securities), cash in hand and at bank, or other depositories;
- (c) the connections and facilities for telecommunication owned by, or leased or licensed to, SIL and utilised by it for the Retail Business including telephones, telexes and facsimile and benefit of all payments and deposits made by SIL in connection therewith;
- (d) the connections, meters and other installations owned by, or leased or licensed to, SIL for the Retail Business for the supply of water, gas and electricity (including the connections specified in **Schedule V** hereto) and the benefit of all payments and deposits made by SIL in connection therewith;
- (e) all amounts owing (whether or not due for payment) or payable by SIL and which are unpaid at the Sanction Date in respect of the supply of goods and services, (including, without limitation, credit notes granted and advances received from suppliers or customers) to the extent arising exclusively or primarily in the ordinary course of business in relation to, or in connection with or from the operations of the Retail Business;
- (f) the liabilities of SIL on account of taxes, including income tax, sales tax, octroi, infrastructure cess, customs duty, excise duty, stamp duties, registration fees, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, markup or penalties payable in connection with any failure to pay or delay in paying any of the above, to the extent they relate exclusively or primarily to the Retail Business, and the entitlements of SIL to refunds, including all tax refunds, credits, advance payments or any other benefits in respect of any of the foregoing;
- (g) cash in the bank and other accounts of SIL maintained exclusively or primarily for or in connection with the Retail Business;
- (h) the capital reserves, revenue reserves and un-appropriated profits and losses, of SIL relating to the Retail Business;
- (i) the contracts of employment of the Retail Employees, and all rights, obligations and liabilities of SIL arising after the Effective Date under such contracts or otherwise in relation to the Retail Employees, including such liabilities payable on termination of service by way of gratuity and provident fund;



- (j) all other rights, powers, authorities and privileges of SIL relating exclusively or primarily to the Retail Business, including, without limitation:
- (i) all registrations, licenses, permits, authorisations, sanctions, permissions and approvals issued or granted by any government, governmental department or agency, or any statutory, local authority or any municipal corporation to SIL;
 - (ii) all concessions, entitlements duty and tax exemptions and remissions;
 - (iii) all credits and refunds on account of sales tax, income tax, customs duty, octroi and other duties, taxes, levies, fees, charges, or imposts paid on account of, or in connection with, the Retail Business;
 - (iv) Minimum Tax Credit amounting to Rs. 143,674,000/- (PKR One Hundred Forty-Three Million Six Hundred Seventy-Four Thousand Only) available with SIL which pertains to the Retail Business as certified by M/s Riaz Ahmad & Co. Chartered Accountants in their certificate issued on the statement of assets and liabilities as of December 31, 2023 set out in **Schedule XVI** hereto; and
 - (v) rights against third parties (including sub-contracts and any retention of title rights);
- (k) all liabilities, including those relating to health, safety and environment, to the extent arising exclusively or primarily in the ordinary course of business in relation to or in connection with or from the operations of the Retail Business, arising as a result of SIL's failure to comply with any relevant and legally enforceable corporate or other laws, rules, ordinances, or regulations;
- (l) any suit, action, arbitration n, charge, governmental investigation, claim, litigation or proceedings, costs, demands and expenses relating to paragraphs the above.

BUT EXCLUDING the Retained Assets and Undertakings (which will remain with SIL), the Tyre Undertaking (which shall be transferred to STPL in terms hereof) and the SPL Shares (which shall be transferred to SICPL in terms hereof).

(O) "Retail Undertaking" shall comprise of the following:

- a. Retail IP; and
- b. Retail Assets & Liabilities;



- (P) **“Retained Assets and Undertakings”** means all the assets, undertakings, liabilities and obligations of SIL (other than Tyre Undertaking, Retail Undertaking and SPL Shares) that are retained by it under this Scheme;
- (Q) **“Rs.”** means “Rupees”, being the legal tender money of the Islamic Republic of Pakistan;
- (R) **“Sanction Date”** means the date on which the Scheme is sanctioned by the Court;
- (S) **“Scheme”** means this Scheme of Arrangement in its present form with or without any modification hereof or addition hereto, as approved by the Court;
- (T) **“SICPL”** or **“Service Capital”** means Service Industries Capital (Private) Limited, (a wholly owned subsidiary of SIL), a private limited company incorporated under the laws of Pakistan and having its registered office at Servis House, 2-Main Gulberg, Lahore;
- (U) **“SIL”** or **“Transferor”** means Service Industries Limited, a listed company incorporated under the laws of Pakistan and having its registered office at Servis House 2-Main Gulberg, Lahore;
- (V) **“SPL”** means Speed (Private) Limited, a private limited company incorporated under the laws of Pakistan and having its registered office at Office No. 1, First Floor, Services Club Extension Building, Merewether Road, Karachi;
- (W) **“SPL Shares”** means 160,709 ordinary shares of Speed (Private) Limited owned by SIL amounting to 21.90% of total issued paid-up capital of Speed (Private) Limited;
- (X) **“SRPL”** or **“Service Retail”** means Service Retail (Private) Limited (a wholly owned subsidiary of SIL), a private limited company incorporated under the laws of Pakistan and having its registered office at Servis House 2-Main Gulberg, Lahore;
- (Y) **“STPL”** or **“Service Tyres”** means Service Tyres (Private) Limited (a wholly owned subsidiary of SIL), a private limited company incorporated under the laws of Pakistan and having its registered office at Servis House 2-Main Gulberg, Lahore;
- (Z) **“Transferred Assets and Undertakings”** means collectively the Tyre Undertaking, the Retail Undertaking and the SPL Shares.
- (AA) **“Transferees”** means collectively each of STPL, SRPL and SICPL;

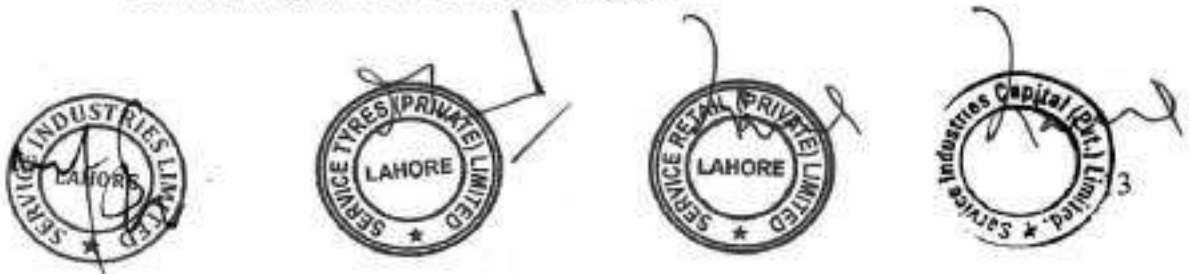


- (BB) **“Tyre Business”** means the business being carried out by SIL in relation to tyre manufacturing and sales;
- (CC) **“Tyre Employees”** means all employees of SIL who are employed wholly and/or principally for the purposes of the Tyre Business and have given their consent to have their employment transferred to STPL in terms of this Scheme;
- (DD) **“Tyre IP”** means the all rights, title and interest of SIL relating to the Tyre Business, anywhere in the world, in any patents, trademarks, service marks, designs, copyrights, inventions, customer database and customer relationships, including, without limitation, any licenses (inclusive of the benefits and obligations of such licenses) for the same, and any applications or the rights to apply for protection or registration of any of the same having an effective filing date or priority date on or earlier than the Sanction Date, and any continuing, reissue, divisional and re-examination patent application, including as specified in **Schedule VI(A), VI(B), VI(C) and VI (D)**;
- (EE) **“Tyre Assets & Liabilities”** shall comprise the following:
- (a) the Tyre Business as a going concern;
 - (b) investment in Service Long March Tyres (Private) Limited to the extent of 128,150,000 ordinary shares thereof (**“SLM Shares”**);
 - (c) the assets of SIL relating exclusively or primarily to the Tyre Business by whatever title held:
 - (i) any office facilities (including all related infrastructure) rented exclusively or primarily for the Tyre Business, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof;
 - (ii) any and all superstructure, plant, and machinery exclusively related to or being utilized for the Tyre Business that currently exist or are installed, or as may be installed between Effective Date and Sanction Date on the immovable properties/land in the ownership of SIL wherever situated (the **“Superstructures”**);
 - (iii) all motor vehicles, furniture, fixtures and fittings owned or leased exclusively or primarily for the Tyre Business;
 - (iv) all fixed movable assets, rights and liabilities owned by, or under the control of SIL and used in the conduct of the Tyre Business, including without limitation, computers, machinery, tools, equipment, furniture, motor vehicles, fixtures and fittings and other tangible assets etc., including (i) License No. EFS-SEXP-0222346-1000-27-12-2021 (**“EFS License”**) issued under the Export



Facilitation Scheme by the Collector of Customs, Sialkot dry port with a face value of Rs. 7,800,000,000/- (PKR Seven Billion Eight Hundred Million Only) to the extent available for the Tyre Business; (ii) raw materials, packing materials and accessories imported by SIL under EFS License on or before the Sanction Date and not yet consumed in exports till the Sanction Date in relation to the Tyre Business; and (iii) plant, machinery, equipment and component parts imported by SIL under EFS License on or before the Sanction Date in relation to the Tyre Business; and (iv) post-dated cheques issued to Custom Collectorate at the time of clearance of import consignments cleared on or before the Sanction Date under the EFS License and Manufacturing Bond in relation to the Tyre Business as specified under **Schedule XIX**;

- (v) to the extent the same relate to the Tyre Business, all inventory, generators, stocks of fuels for generators, office supplies etc.;
- (vi) the goodwill of SIL in relation to the Tyre Business and exclusive right of SIL to represent itself as owning, operating and managing the Tyre Business;
- (vii) all rights, title and interest of SIL relating to the Tyre Business in technical data and know-how, industrial and technical information, trade secrets, secret processes, confidential information, drawings, formulations, technical reports, operating and testing procedures or instruction manuals, the results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche);
- (viii) all insurance policies relating to the Tyre Business;
- (ix) land situated at Mouza Chak No. 25/UCC, Tehsil Muridke, District Sheikhupura (the "**Sheikhupura Land**") as described in **Schedule VII** hereto;
- (x) to the extent the same relate to the Tyre Business, all contracts which remain in whole or in part to be performed at the Sanction Date entered into by or subsisting in favour of SIL, inclusive of all rights and obligations of SIL arising thereunder;
- (xi) the short-term running finance, money market and non-funded facilities obtained by SIL for the purposes of the Tyre Business as specified in **Schedule VIII** hereto;
- (xii) the Export Refinance Facility ("**ERF (Part I and Part II)**") and Export Finance Scheme limits being availed by SIL relating to the Tyre Undertaking as specified in **Schedule IX**;
- (xiii) long term loans facilities obtained by SIL for the purposes of the Tyre Business as specified in **Schedule X** hereto;



- (xiv) Long Term Finance Facilities ("LTFF") and Temporary Economic Refinance Facilities ("TERF") obtained by SIL for the purposes of the Tyre Business as specified in **Schedule XI** hereto;
- (xv) to the extent the same relate to the Tyre Business, all agreements, the benefits of contracts (including employment/service contracts), trusts, leases, conveyances, grants, instruments of transfer, engagements, commitments and arrangements entered into by or subsisting in favour of SIL, inclusive of all rights and obligations of SIL arising thereunder, including all distribution and dealership contracts executed by SIL with respect to the Tyre Business along with any deposits received in respect thereof;
- (xvi) to the extent the same relate to the Tyre Business, all historical and current documents, customer lists, product and supplier lists, catalogues, literature, employee records, documents of title, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and any advertising or other promotional materials and accounting (including management account records) and other financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche);
- (xvii) to the extent the same relate to the Tyre Business, all claims, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable to SIL (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments (both short term and long term, including without limitation, investments in shares, debentures, debt instruments and other securities), cash in hand and at bank, or other depositories, including the post-dated cheques issued against duty and tax free imports of SIL relating to the Tyre Business;
- (xviii) EDB Approved Quota for the import of raw material, sub-components, components and sub-assemblies in relation to the Tyre Business as specified in **Schedule XII** hereto;
- (d) the connections and facilities for telecommunication owned by, or leased or licensed to, SIL and utilized by it for the Tyre Business including telephones, telexes and facsimile and benefit of all payments and deposits made by SIL in connection therewith;
- (e) the connections, meters and other installations owned by, or leased or licensed to, SIL for the Tyre Business for the supply of electricity, gas and water (including the connections specified in **Schedule XIII** and **XIV** hereto) and the benefit of all payments and deposits made by SIL in connection therewith;



The image shows four circular stamps of Service Industries (Private) Limited, Lahore. Each stamp has a star at the bottom and is overlaid with a handwritten signature. The stamps are arranged horizontally from left to right.

- (f) all amounts owing (whether or not due for payment) or payable by SIL in respect of the supply of goods and services, (including, without limitation, credit notes granted and advances received from suppliers or customers) to the extent arising exclusively or primarily in the ordinary course of business in relation to, or in connection with or from the operations of the Tyre Business;
- (g) the liabilities of SIL on account of taxes, including income tax, sales tax, octroi, infrastructure cess, customs duty, excise duty, stamp duties, registration fees, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, markup or penalties payable in connection with any failure to pay or delay in paying any of the above, to the extent they relate exclusively or primarily to the Tyre Business, and the entitlements of SIL to refunds, including all tax refunds, credits, advance payments or any other benefits in respect of any of the foregoing;
- (h) cash in the bank and other accounts of SIL maintained exclusively or primarily for or in connection with the Tyre Business;
- (i) E-forms against export shipments, pending for payments for duty drawback relating to the Tyre Business as specified in **Schedule XV** hereto;
- (j) the capital reserves, revenue reserves and un-appropriated profits and losses of SIL relating to the Tyre Business;
- (k) the contracts of employment of the Tyre Employees and all rights, obligations and liabilities of SIL arising after the Effective Date under such contracts or otherwise in relation to the Tyre Employees, including such liabilities payable on termination of service by way of gratuity and provident fund;
- (l) all other rights, powers, authorities and privileges of SIL relating exclusively or primarily to the Tyre Business, including, without limitation:
- (i) all registrations, licenses, permits, authorisations, sanctions, permissions and approvals issued or granted by any government, governmental department or agency, or any statutory, local authority or any municipal corporation to SIL;
 - (ii) all concessions, entitlements, duty and tax exemptions and remissions;
 - (iii) all credits and refunds on account of sales tax, income tax, customs duty, octroi and other duties, taxes, levies, fees, charges, or imposts paid on account of, or in connection with, the Tyre Business;
 - (iv) income tax refund amounting to Rs. 388,703,000/- (PKR Three Hundred Eighty-Eight Million Seven Hundred and Three Thousand Only) pertaining to the Tyre Business as certified by M/s Riaz



Ahmad & Co. Chartered Accountants in their certificate issued on the statement of assets and liabilities as of December 31, 2023 set out in **Schedule XVI** hereto;

- (v) Minimum Tax Credit amounting to Rs. 742,830,000/- (PKR Seven Hundred Forty-Two Million Eight Hundred and Thirty Thousand Only) available with SIL which pertains to the Tyre Business as certified by M/s Riaz Ahmad & Co. Chartered Accountants in their certificate issued on the statement of assets and liabilities as of December 31, 2023, set out in **Schedule XVI** hereto;
- (vi) rights against third parties (including sub-contracts and any retention of title rights).
- (m) all liabilities, including those relating to health, safety and environment, to the extent arising exclusively or primarily in the ordinary course of business in relation to or in connection with or from the operations of the Tyre Business, arising as a result of SIL's failure to comply with any relevant and legally enforceable corporate or other laws, rules, ordinances, or regulations;
- (n) any suit, action, arbitration, charge, governmental investigation, claim, litigation or proceedings, costs, demands and expenses relating to the paragraphs above.

BUT EXCLUDING the Retained Assets and Undertakings, (which will remain with SIL), the Retail Undertaking (which shall be transferred to SRPL in terms hereof) and the SPL Shares (which shall be transferred to SICPL in terms hereof).

(FF) "Tyre Undertaking" shall comprise of the following:

- a. Tyre IP; and
- b. Tyre Assets & Liabilities.



ARTICLE-2 – SHARE CAPITAL AND MANAGEMENT

(I) SERVICE INDUSTRIES LIMITED

The authorized share capital of SIL is Rs. 1,000,000,000/- (PKR One Billion Only) divided into 100,000,000 ordinary shares of Rupees 10/- (PKR Ten Only) each. The issued, subscribed and paid-up capital of SIL is Rs. 469,874,540/- (PKR Four Hundred Sixty-Nine Million Eight Hundred Seventy-Four Thousand Five Hundred and Forty Only) divided into 46,987,454 ordinary shares of Rs. 10/- (PKR Ten Only) each.

The registered office of SIL is situated at Servis House 2-Main Gulberg, Lahore.

(a) The pattern of shareholding of SIL, as of January 1, 2024, is as follows:

Category of shareholders	Shares held	%
i) Directors		
Ms. Uzma Adil Khan (Chairperson)	1	0.0%
Mr. Arif Saeed (CEO)	4,765,822	10.1%
Mr. Omar Saeed	4,765,824	10.1%
Mr. Hassan Javed	9,064,524	19.3%
Mr. Muhammad Naeem Khan	1,000	0.0%
Mr. Shahid Hussain Jatoi (Nominee of NIT)	-	-
Mr. Ahsan Bashir	100	0.0
Mr. Adil Matcheswala	1	0.0
Chaudhry Saif Javed	10	0.0
ii) Family / Associated Companies Shareholding		
Trustees Service Provident Fund	2,181,274	4.6%
Chaudhary Ahmed Javed	2,062,264	4.4%
Amna Amin	531,920	1.1%
Aasma Ramday	531,920	1.1%
Zara Ahmed	531,920	1.1%
Fatima Saeed	370,844	0.8%
Others		
iii) Cdc – Trustee National Investment (Unit) Trust	5,353,530	11.4%
Shahid Malik	2,526,600	5.4%
Shahida Naeem	2,264,866	4.8%
Najma Butt	2,055,814	4.4%
Trustee National Bank of Pakistan Employees' Pension	600,674	1.3%



Fund		
Shahbaz Yasin Malik	553,400	1.2%
Cdc – Trustee Atlas Stock Market Fund	505,136	1.1%
Cdc – Trustee Nit-Equity Market Opportunity Fund	460,492	1.0%
Habeeb Ijaz Butt	406,436	0.9%
Cdc – Trustee Ubl Stock Advantage Fund	390,900	0.8%
Attiazaz Munawwarud Din	374,250	0.8%
Zenab Qayum Khan	322,192	0.7%
Amin Tai (Private) Limited	306,640	0.7%
Ali Naeem	285,500	0.6%
Usman Naeem	285,500	0.6%
National Bank of Pakistan	287,586	0.6%
Kazim Anwar	242,800	0.5%
Rabbia Munawar	236,716	0.5%
Shahzain Shahbaz Malik	201,500	0.4%
Amin Issa Tai	182,030	0.4%
iv) Shareholders holding less than 0.3% shares		
1,890 shareholders	4,337,468	9.2%
Total	46,987,454	100%

(b) The total number of shareholders of SIL, as of January 1, 2024, is 1,926.

(c) The Board of Directors of SIL as of January 1, 2024, consists of the following directors:

Sr.	Name of Directors
1.	Ms. Uzma Adil (Chairperson)
2.	Mr. Arif Saeed (CEO)
3.	Mr. Omar Saeed
4.	Mr. Hassan Javed
5.	Mr. Muhammad Naeem Khan
6.	Mr. Shahid Hussain Jatoi
7.	Mr. Ahsan Bashir
8.	Mr. Adil Matcheswala
9.	Chaudhry Saif Javed

(II) SERVICE TYRES (PRIVATE) LIMITED

The authorized share capital of STPL is Rs. 10,000,000/- (PKR Ten Million Only) divided into 1,000,000 ordinary shares of Rupees 10/- (PKR Ten Only) each. The



issued, subscribed and paid-up capital of STPL is Rs. 5,000,000/- (PKR Five Million Only) divided into 500,000 ordinary shares of Rs. 10/- (PKR Ten Only) each.

The registered office of STPL is situated at Servis House 2-Main Gulberg, Lahore.

(a) The pattern of shareholding of STPL, as of January 1, 2024, is as follows:

Category of shareholders	Shares held	%
Service Industries Limited	499,999	100.0
Mr. Arif Saeed (Nominee of SIL)	1	0.0
Total	500,000	100

(b) The total number of shareholders of STPL, as of January 1, 2024, is 2.

(c) The Board of Directors of STPL as of January 1, 2024, consists of the following directors:

Sr.	Name of Directors
1.	Mr. Arif Saeed (CEO/Director) (Nominee of SIL)
2.	Mr. Omar Saeed (Nominee of SIL)
3.	Mr. Hassan Javed (Nominee of SIL)
4.	Chaudhry Saif Javed (Nominee of SIL)
5.	Mr. Muhammad Ejaz (Nominee of SIL)

(III) SERVICE RETAIL (PRIVATE) LIMITED

The authorized share capital of SRPL is Rs. 10,000,000/- (PKR Ten Million Only) divided into 1,000,000 ordinary shares of Rupees 10/- (PKR Ten Only) each. The issued, subscribed and paid-up capital of SRPL is Rs. 5,000,000/- (PKR Five Million Only) divided into 500,000 ordinary shares of Rs. 10/- (PKR Ten Only) each.

The registered office of SRPL is situated at Servis House 2-Main Gulberg, Lahore.

(a) The pattern of shareholding of SRPL, as of January 1, 2024, is as follows:

Category of shareholders	Shares held	%
Service Industries Limited	499,999	100.0
Mr. Arif Saeed (Nominee of SIL)	1	0.0
Total	500,000	100



- (b) The total number of shareholders of SRPL, as of January 1, 2024, is 2.
- (c) The Board of Directors of SRPL, as of January 1, 2024, consists of the following directors:

Sr.	Name of Directors
1.	Mr. Arif Saeed-(CEO/Director) (Nominee of SIL)
2.	Mr. Omar Saeed (Nominee of SIL)
3.	Mr. Hassan Javed (Nominee of SIL)
4.	Chaudhry Saif Javed (Nominee of SIL)
5.	Mr. Kashif Aziz Khwaja (Nominee of SIL)

(IV) SERVICE INDUSTRIES CAPITAL (PRIVATE) LIMITED

The authorized share capital of SICPL is Rs. 400,000,000/- (PKR Four Hundred Million Only) divided into 40,000,000 ordinary shares of Rupees 10/- (PKR Ten Only) each. The issued, subscribed and paid-up capital of SICPL is Rs. 400,000,000/- (PKR Four Hundred Million Only) divided into 40,000,000 ordinary shares of Rs. 10/- (PKR Ten Only) each.

The registered office of SICPL is situated at Servis House, 2-Main Gulberg, Lahore.

- (a) The pattern of shareholding of SICPL, as of January 1, 2024, is as follows:

Category of shareholders	Shares held	%
Service Industries Limited	39,999,997	100.0
Mr. Arif Saeed (Nominee of SIL)	1	0.0
Mr. Omar Saeed (Nominee of SIL)	1	0.0
Mr. Hassan Javed (Nominee of SIL)	1	0.0
Total	40,000,000	100

- (b) The total number of shareholders of SICPL, as of January 1, 2024, is 4.
- (c) The Board of Directors of SICPL as of January 1, 2024, consists of the following directors:

Sr.	Name of Directors
1.	Mr. Omar Saeed-(Director/CEO) (Nominee of SIL)
2.	Mr. Arif Saeed (Nominee of SIL)
3.	Mr. Hassan Javed (Nominee of SIL)



ARTICLE-3 – SCHEME OF ARRANGEMENT

GENERAL

This Scheme of Arrangement has been formulated pursuant to the provisions of Sections 279 to 283 of the Act for the transfer and vesting of (i) the Tyre Undertaking into STPL; (ii) the Retail Undertaking into SRPL; and (iii) the SPL Shares into SICPL.

(I) Transfer of Tyre Undertaking Into STPL

The entire Tyre Undertaking shall transfer and vest in STPL in the following manner:

- (i) The entire Tyre Undertaking as subsisting as of the Sanction Date shall, without further act or deed, matter, instrument or thing, process or procedure, be separated from SIL and shall be actually transferred to and vested in STPL on the Sanction Date.
- (ii) The separation from SIL and transfer to and vesting in STPL of the Tyre Undertaking shall be treated as having taken effect from the Effective Date, and as from that time and until the Sanction Date, the Tyre Undertaking shall be deemed to have been carried on, for and on account and for the benefit of STPL and all profits and losses accruing or arising to or incurred by SIL through the operation of the Tyre Undertaking from the Effective Date shall be treated as profits and losses (as the case may be) of STPL;
- (iii) During the period from the Effective Date till the Sanction Date, SIL shall not sell, transfer or dispose of any of the Tyre Undertaking except for in the ordinary course of business.
- (iv) For the avoidance of doubt, it is clarified that the sales pertaining to the Tyre Undertaking shall be, during the period from the Effective Date till the Sanction Date, reported in monthly sales tax returns of SIL for sales tax purposes. Furthermore, sales pertaining to the Tyre Undertaking shall be reported in annual income tax returns of SIL, if income tax return filing date falls before Sanction Date. If income tax return filing date falls after the Sanction Date, these sales shall be reported in annual income tax return of STPL.

(II) Transfer of Retail Undertaking Into SRPL

The entire Retail Undertaking shall transfer and vest in SRPL in the following manner:



- (i) The entire Retail Undertaking as subsisting immediately on the Sanction Date shall, without further act or deed, matter, instrument or thing, process or procedure, be separated from SIL and shall be actually transferred to and vested in SRPL on the Sanction Date.
- (ii) The separation from SIL and transfer to and vesting in SRPL of the Retail Undertaking shall be treated as having taken effect from the Effective Date, and as from that time and until the Sanction Date, the Retail Undertaking shall be deemed to have been carried on, for and on account and for the benefit of SRPL and all profits and losses accruing or arising to or incurred by SIL through the operation of the Retail Undertaking from the Effective Date shall be treated as profits and losses (as the case may be) of SRPL;
- (iii) During the period from the Effective Date till the Sanction Date, SIL shall not sell, transfer or dispose of any of the Retail Undertaking except for in the ordinary course of business.
- (iv) For the avoidance of doubt, it is clarified that the sales pertaining to the Retail Undertaking shall be, during the period from the Effective Date till the Sanction Date, reported in monthly sales tax returns of SIL for sales tax purposes. Furthermore, sales pertaining to Retail Undertaking shall be reported in annual income tax return of SIL, if income tax return filing date falls before Sanction Date. If income tax return filing date falls after the Sanction Date, these sales shall be reported in annual income tax return of SRPL.

(III) Transfer of SPL Shares Into SICPL

The SPL Shares shall transfer and vest in SICPL in the following manner:

- (i) The SPL Shares as subsisting immediately on the Sanction Date shall, without further act or deed, matter, instrument or thing, process or procedure, be separated from SIL and shall be actually transferred to and vested in SICPL on the Sanction Date.
- (ii) The separation from SIL and transfer to and vesting in SICPL of the SPL Shares shall be treated as having taken effect from the Effective Date, and as from that time and until the Sanction Date, the SPL Shares shall be deemed to have been owned and held for and on account and for the benefit of SICPL and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to SIL from or on account of the SPL Shares shall be treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to SICPL;



- (iii) During the period from the Effective Date till the Sanction Date, SIL shall not sell, transfer or dispose of any of the SPL Shares.

(IV) Determination of Transferred Assets and Undertakings

(i) A statement of assets and liabilities:

- a. has been prepared by SIL (appended herewith as **Schedule XVI**) of the properties, assets, rights, liabilities and obligations comprised in the Transferred Assets and Undertakings, as reflected in the books of account of SIL immediately preceding the Effective Date and which has been certified by M/s. Riaz Ahmad & Co., Chartered Accountants;
- b. shall be prepared by SIL of the properties, assets, rights, liabilities and obligations comprised in the Transferred Assets and Undertaking, as reflected in the books of account of SIL as of the Sanction Date and which shall be certified by M/s. Riaz Ahmad & Co. Chartered Accountants within ninety (90) days of the Sanction Date.
- (ii) The statement of assets and liabilities mentioned in sub-clause (i) above have been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out assumptions used in identifying the properties, rights, liabilities and obligations of SIL relating to the Transferred Assets and Undertaking.



ARTICLE-4 – CONSIDERATION

- 1) Each of the Transferees is a wholly owned subsidiary of SIL which is held by its shareholders in the proportions set out in Article 2(l)(a).
- 2) In consideration of the transfer of Tyre Undertaking from SIL to STPL, STPL shall issue and allot 666,224,300 fully paid-up ordinary shares of Rs. 10/- (PKR Ten Only) each to SIL on the basis of net assets of STPL as of the Effective Date as per the certificate attached hereto as **Schedule XVI** prepared by M/s. Riaz Ahmad & Co., Chartered Accountants. These shares shall rank pari passu with the existing ordinary shares of STPL (held by SIL) in all respects.
- 3) In consideration for the transfer of Retail Undertaking from SIL to SRPL, unappropriated profit of SIL shall be credited with Rs. 322,992,000/- (PKR Three Hundred Twenty-Two Million Nine Hundred Ninety-Two Thousand Only) as of the Effective Date as per the certificate attached hereto as **Schedule XVI** prepared by M/s. Riaz Ahmad & Co., Chartered Accountants, as book value of assets being transferred to SRPL is less than the book value of liabilities being transferred to SRPL. SRPL, as of the Effective Date, shall recognize a negative reserve arising of the same amount in its books of account.
- 4) In consideration for the transfer of SPL shares from SIL to SICPL, SICPL shall issue and allot 34,082,700 fully paid-up ordinary shares of Rs. 10/- (PKR Ten Only) each to SIL of the Effective Date as per the certificate attached hereto as **Schedule XVI** prepared by M/s. Riaz Ahmad & Co., Chartered Accountants. These shares shall rank pari passu with the existing ordinary shares of SICPL (held by SIL) in all respects.
- 5) The allotment of the ordinary shares of STPL and SICPL in accordance with preceding clauses shall be made by STPL and SICPL, respectively, within thirty (30) days from the Sanction Date. The share certificates for such shares shall be made ready for delivery as soon as practicable thereafter and notice of their readiness for delivery shall be given to SIL entitled thereof in the manner provided in the articles of association of STPL and SICPL, respectively. Share certificates not collected within the time specified in any such notice shall be sent by registered post in prepaid envelopes addressed to SIL at its registered address. Each of STPL and SICPL, as the case may be, shall not be responsible for the loss of any share certificate in transmission. In case such shares cannot be delivered as aforesaid, they will be securely held by STPL and SICPL, as the case may be, in safe custody for SIL (and/or its respective successors-in-interest).
- 6) Ordinary shares of STPL and SICPL upon issue and allotment pursuant to this Scheme, shall rank pari passu with the existing ordinary shares of STPL and SICPL, respectively, in all respects and shall be entitled to all dividends declared after the Sanction Date.



ARTICLE-5 – RIGHTS AND OBLIGATIONS OF SIL, STPL, SRPL AND SICPL

RIGHTS AND OBLIGATIONS OF STPL IN RESPECT OF THE TYRE UNDERTAKING

- I. (i) All contracts, agreements, trusts, leases, licenses, conveyances, commitments, engagements and arrangements, grants, instruments of transfer, rights, powers, authorities and privileges entered into by or subsisting in favor of SIL and comprised in the Tyre Undertaking, upon being transferred to and vested in STPL, shall remain in full force and effect as if originally entered into by or granted in favor of STPL instead of SIL and STPL may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.
- (ii) The debts, liabilities and obligations of SIL comprised in the Tyre Undertaking, upon being transferred to and vested in STPL, shall be treated as the debts, liabilities and obligations of STPL as if originally incurred by STPL instead of SIL and STPL shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly. For the avoidance of doubt, the foregoing shall not include the Retained Assets and Undertaking and the debts, liabilities and obligations of SIL comprised in the Retained Liabilities which shall remain with SIL, and as such SIL shall pay and discharge all liabilities comprised in the Retained Assets and Undertaking and shall continue to perform all such obligations accordingly.
- (iii) In so far as any of the assets of SIL which form part of the Tyre Undertaking are subject to any Encumbrances immediately prior to the Sanction Date, such assets shall be deemed to have been transferred to STPL on the Effective Date subject to such Encumbrances. STPL shall be deemed without any further act, deed, instrument, matter or thing, to have created all such Encumbrances on the Tyre Undertaking in the same amount and for the benefit of the same charge holders. Upon the transfer of Tyre Undertaking from SIL to STPL in terms of this Scheme, the charges recorded in the register of charges of SIL in respect of Encumbrances on any of the assets comprising the Tyre Undertaking shall be released and discharged simultaneously with the registration of the same charges by STPL with the CRO Lahore in accordance with the Act.
- (iv) The capital reserves, revenue reserves and accumulated profits and losses of SIL accruing between the Effective Date and the Sanction Date, relating to the Tyre Undertaking shall constitute and be treated as reserves of a corresponding nature in STPL corresponding to the Tyre Undertaking and shall be accounted on that basis in the books of account of STPL and the capital reserves and revenue reserves of SIL shall correspondingly stand reduced and shall be accounted on that basis in the books of account of SIL.



- (v) All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against SIL in respect of the Tyre Undertaking and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against STPL under this Scheme and may be continued, prosecuted and enforced by or against STPL accordingly.
- (vi) With effect on and from the Effective Date, the Sheikhpura Land and Superstructures shall be deemed transferred from SIL to STPL along with any and all Encumbrances and liabilities existing thereupon prior to the Sanction Date.
- (vii) With effect on and from the Effective Date, all tax liabilities of SIL relating to Tyre Undertaking under any law for the time being in force shall become the tax liabilities of STPL and SIL shall cease to have any tax liabilities in relation to the Tyre Undertaking on and from the Effective Date. Where such a tax liability has been paid by SIL, STPL shall be liable to reimburse such amounts to SIL. Further, with effect and from the Effective Date, all rights of SIL to refunds, credits, advance payments or any other benefits in respect of any tax relating to the Tyre Undertaking shall stand transferred to STPL. Where any such tax refund or benefits is received by SIL after the Effective Date, it shall promptly upon receipt of it, pay the same to STPL.
- a. For the avoidance of doubt, it is clarified that income tax refunds amounting to Rs. 388,703,000/- (PKR Three Hundred Eighty-Eight Million Seven Hundred and Three Thousand Only) available with SIL pertaining to the Tyre Business as of the Effective Date as per the certificate attached hereto as **Schedule XVI** shall be transferred to STPL on the Sanction Date, and the same shall be reflected in the books of FBR. Simultaneously, STPL shall apply to FBR for exemption certificate and FBR shall issue such exemption certificate under Sections 153 and 235 of Income Tax Ordinance, 2001, to STPL on the basis of income tax refunds transferred from SIL.
- b. It is further clarified that Minimum Tax Credits amounting to Rs. 742,830,000/- (PKR Seven Hundred Forty-Two Million Eight Hundred and Thirty Thousand Only) available with SIL pertaining to the Tyre Business as of the Effective Date as per the certificate attached hereto as **Schedule XVI** shall be transferred to STPL on Sanction Date which can be availed against tax liability accruing in future years.
- (viii) Currently SIL is availing short term concessionary financing namely Export Refinance Facility (ERF part I and part II and EFS). Once the Scheme is sanctioned by the Court, the title of these ERF and EFS limits along with their respective outstanding amounts as availed by Tyre Undertaking



shall be changed from SIL to STPL in the books of commercial banks and financial institutions from the Sanction Date.

- a. The detail of ERF (Part I and Part II) and EFS limits being availed by SIL as on the Effective Date relating to the Tyre Undertaking and to be transferred to STPL along with amounts utilized and details of relevant charges created are placed in **Schedule IX**.
 - b. During the period from Effective Date till Sanction Date, if the ERF (Part I and Part II) and EFS limits mentioned in **Schedule IX** are settled and new limits are availed against the same then such new limits shall stand transferred from SIL to STPL along with any Encumbrances created thereon.
 - c. From the Effective Date till Sanction Date, all export proceeds received against export shipments made by SIL in relation to the Tyre Undertaking shall be deemed to be the export proceeds of STPL. Once the Scheme is sanctioned by the Court, the above-mentioned export proceeds along with export shipments shall stand transferred from SIL to STPL in the books of commercial banks and financial institutions. Such export proceeds and export shipments shall be considered by commercial banks and financial institutions along with export shipments and export proceeds made and realized after Sanction Date for settlement of ERF Part I, ERF Part II and EFS loans availed by STPL.
 - d. For the avoidance of doubt, it is clarified that from Effective Date till Sanction Date, any and all export shipments made by SIL for the Tyre Undertaking and all export proceeds realised thereagainst whether before or after the Sanction Date shall stand transferred from SIL to STPL in the books of commercial banks and shall also be considered for settlement of ERF Part I and Part II and EFS loans and any other liabilities transferred to STPL.
- (ix) SIL is availing EFS License issued by Collector of Custom, Sialkot Dry Port with a face value of Rs. 7,800,000,000/- (PKR Seven Billion Eight Hundred Million Only) for SIL (including Tyre Undertaking) for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Sialkot Dry Port after securing a postdated cheque of equal amount from SIL. The limit and title of the EFS License shall stand split between Retained Assets and Undertaking and Tyre Undertaking in the books of Collector of Customs, Sialkot Dry Port on sanction of the Scheme, in the following manner:



Company Name	Rupees in Billion
STPL	5.8
SIL (Retained Undertaking)	2.0

- a. Further, postdated cheque amounting to Rs. 7,800,000,000/- (PKR Seven Billion Eight Hundred Million Only) issued by SIL shall be replaced with new cheques from SIL and STPL for Rs. 2,000,000,000/- (PKR Two Billion Only) and Rs. 5,800,000,000/- (PKR Five Billion and Eight Hundred Million Only) respectively.
- b. The raw material, packing material and accessories imported under the EFS License without the payment of duties and taxes need to be consumed in export shipments within a period of four years from the date of importation. The title of quantities of raw material, packing material and accessories imported in SIL for Tyre Undertaking before the Sanction Date and not yet consumed in exports till the Sanction Date shall stand transferred from SIL to STPL in the books of the Collector of Customs, Sialkot Dry Port on sanction of the Scheme and will subsequently be consumed in the export shipments of STPL within four years from date of first importation of such quantities by SIL. GD wise detail of the aforesaid quantities imported by SIL under the EFS License which have not been consumed in export shipments as on the Effective Date is placed at **Schedule XVII**.
- c. The plant, machinery, equipment and component parts imported by SIL for the Tyre Undertaking under the EFS License without the payment of duties and taxes need to be retained for a period of five years commencing from the date of importation. The title of these plant, machinery, equipment and component parts imported by SIL for Tyre Undertaking before the Sanction Date shall stand transferred from SIL to STPL in the books of the Collector of Customs, Sialkot Dry Port on sanction of the Scheme and the period for the purposes of retention of five years shall be treated as continuous and not interrupted for the purposes of this clause from the date of importation by SIL. GD wise detail of plant, machinery, equipment and component parts imported by SIL under the EFS License on or before the Effective Date is placed at **Schedule XVIII**.
- d. Duty-free and tax-free imports of raw material, packing material and accessories pertaining to Tyre Undertaking under the Manufacturing Bond License Number V-CUS/SMB/MFG-Bond/400/2019/683 dated January 27,2021 ("**Manufacturing Bond License**"), were made against postdated cheques issued by certain banks of SIL in favour of Collector of Customs. These cheques were deposited by SIL with respective



Custom Collectorates at the time of clearance of import consignment under the Manufacturing Bond License. These postdated cheques issued against the import of raw material, packing materials and accessories will be released by the Custom Collectorates after post-exportation audit carried out by Collector of Customs, Sialkot Dry Port verifying consumption of these imported items in export shipments within a period of two years from importation. These postdated cheques shall be replaced with the postdated cheques of STPL in the books of the respective Custom Collectorates on sanction of the Scheme and shall be accepted by the respective Custom Collectorate. GD wise detail of postdated cheques issued by SIL that are not yet released by Custom Collectorate on or before the Effective Date is placed at **Schedule XIX**.

- (x) The Tyre Employees shall as from the Effective Date be deemed to be the employees of STPL on the same terms and conditions on which they were employed by SIL immediately prior to the Effective Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by SIL.
- a. The terms and conditions of services applicable to the Tyre Employees, after such transfer to STPL shall not in any way be less favourable to them than those applicable to them immediately prior to the transfer. The services of all Tyre Employees prior to their transfer to STPL shall be taken into account for the purposes of benefits to which such employees are eligible in terms of their relevant employment contracts.
 - b. In so far as the employees' provident fund of SIL in the name of 'SIL Employees Provident Fund' is concerned, the same shall be continued for the benefits of the Tyre Employees.
 - c. In so far as the employees' gratuity fund of SIL in the name of 'SIL Employees Gratuity Fund' is concerned, the same shall be continued for the benefits of the Tyre Employees.
 - d. It is clarified that the services of the Tyre Employees will be treated as having been continuous and not interrupted for the purpose of the aforesaid employees' provident fund and gratuity fund.

RIGHTS AND OBLIGATIONS OF SRPL IN RESPECT OF THE RETAIL UNDERTAKING

- (i) All contracts, agreements, trusts, leases, licenses, conveyances, commitments, engagements and arrangements, grants, instruments of transfer, rights, powers, authorities and privileges entered into by or subsisting in favor of SIL and comprised in the Retail Undertaking, upon being transferred to and vested in SRPL, shall remain in full force



and effect as if originally entered into by or granted in favor of SRPL instead of SIL and SRPL may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.

- (ii) The debts, liabilities and obligations of SIL comprised in the Retail Undertaking, upon being transferred to and vested in SRPL, shall be treated as the debts, liabilities and obligations of SRPL as if originally incurred by SRPL instead of SIL and SRPL shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly. For the avoidance of doubt, the foregoing shall not include the debts, liabilities and obligations of SIL comprised in the Retained Assets and Undertaking which shall remain with SIL, and as such SIL shall pay and discharge all liabilities comprised in Retained Assets and Undertaking and shall continue to perform all such obligations accordingly.
- (iii) In so far as any of the assets of SIL which form part of the Retail Undertaking are subject to any Encumbrances immediately prior to the Sanction Date, such assets shall be deemed to have been transferred to SRPL on the Effective Date subject to such Encumbrances. SRPL shall be deemed without any further act, deed, matter or thing, to have created all such Encumbrances on the assets of the Retail Undertaking in the same amount and for the benefit of the same charge holders. Upon the transfer of Retail Undertaking from SIL to SRPL in terms of this Scheme, the charges recorded in the register of charges of SIL in respect of Encumbrances on any of the assets comprising the Retail Undertaking shall be released and discharged simultaneously with the registration of the same charges by SRPL with the CRO Lahore in accordance with the Act.
- (iv) The capital reserves, revenue reserves and accumulated profits and losses of SIL accruing between the Effective Date and the Sanction Date, relating to the Retail Undertaking shall constitute and be treated as reserves of a corresponding nature in SRPL corresponding to such Retail Undertaking and shall be accounted on that basis in the books of account of SRPL and the capital reserves and revenue reserves of SIL shall correspondingly stand reduced and shall be accounted on that basis in the books of account of SIL.
- (v) All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against SIL in respect of the Retail Undertaking and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against SRPL under this Scheme and may be continued, prosecuted and enforced by or against SRPL accordingly.
- (vi) With effect on and from the Effective Date, all tax liabilities of SIL relating to Retail Undertaking under any law for the time being in force shall become



the tax liabilities of SRPL and SIL shall cease to have any tax liabilities in relation to the Retail Undertaking on and from the Sanction Date. Where such a tax liability is paid by SIL, SRPL shall be liable to reimburse such amounts to SIL. Further, with effect and from the Effective Date, all rights of SIL to refunds, credits, advance payments or any other benefits in respect of any tax relating to the Retail Undertaking shall stand transferred to SRPL. Where any such tax refund or benefits is received by SIL after the Effective Date, it shall promptly upon receipt of it, pay the same to SRPL. For the avoidance of doubt, it is further clarified that Minimum Tax Credits amounting to Rs. 143,674,000/- (PKR One Hundred Forty-Three Million Six Hundred Seventy-Four Thousand Only) available with SIL pertaining to the Retail Business as of the Effective Date as per the certificate attached hereto as **Schedule XVI** shall be transferred to STPL on the Sanction Date which can be availed against tax liability accruing in future years.

- (vii) The Retail Employees shall as from the Effective Date be deemed to be the employees of SRPL on the same terms and conditions on which they were employed by SIL immediately prior to the Effective Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by SIL.
- a. The terms and conditions of services applicable to the Retail Employees, after such transfer to SRPL shall not in any way be less favourable to them than those applicable to them immediately prior to the transfer. The services of all Retail Employees prior to their transfer to SRPL shall be taken into account for the purposes of all benefits to which such employees are eligible in terms of their relevant employment contracts.
 - b. In so far as the employees' provident fund of SIL in the name of 'SIL Employees Provident Fund' is concerned, the same shall be continued for the benefits of the Retail Employees.
 - c. In so far as the employees' gratuity fund of SIL in the name of 'SIL Employees Gratuity Fund' is concerned, the same shall be continued for the benefits of the SRPL Employees.
 - d. It is clarified that the services of the Retail Employees will be treated as having been continuous and not interrupted for the purpose of the aforesaid employees' provident fund and gratuity fund.

RIGHTS AND OBLIGATIONS OF SICPL IN RESPECT OF THE SPL SHARES

- (i) The capital reserves, revenue reserves and accumulated profits and losses of SIL accruing between the Effective Date and the Sanction Date, relating to the SPL Shares shall constitute and be treated as reserves of a corresponding nature in SICPL corresponding to the SPL Shares and shall



be accounted on that basis in the books of account of SICPL and the capital reserves and revenue reserves of SIL shall correspondingly stand reduced and shall be accounted on that basis in the books of account of SIL.

- (ii) All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against SIL in respect of the SPL Shares and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against SICPL under this Scheme and may be continued, prosecuted and enforced by or against SICPL accordingly.
- (iii) All taxes on income, including but not limited to, advance tax and withholding taxes, collected/deducted from the Effective Date till the Sanction Date in respect of the SPL Shares shall, and be deemed to, be to the benefit and credit of SICPL under this Scheme.

RETENTION OF ASSETS AND OBLIGATIONS BY SIL

- (i) The Retained Assets and Undertakings shall remain the assets, undertakings, liabilities and obligations of SIL and shall not be transferred to or vested in the Transferees.
- (ii) On and from the Sanction Date, the debts, liabilities and obligations of SIL comprised in the Transferred Assets and Undertakings transferred to and vested in each of the Transferees respectively, shall be treated as the debts, liabilities and obligations of each of the Transferees respectively, as if originally incurred by the respective Transferees instead of SIL and SIL shall be discharged from all obligations in respect of such liabilities. The respective Transferees shall pay and discharge all such debts and liabilities and perform all such obligations accordingly, as may be applicable.
- (iii) For the avoidance of doubt, it is clarified that the Retained Assets and Undertakings shall at all times remain the assets, undertakings, liabilities and obligations of SIL and SIL shall continue to discharge and perform the same accordingly.



ARTICLE-6 – GENERAL PROVISIONS

SANCTION AND EFFECTIVENESS OF SCHEME

- I. (i) The respective Board of Directors of SIL and each of the Transferees have approved the foregoing Scheme for submission to the Court. Consequent thereupon, a petition will be submitted to the Court for obtaining sanction of this Scheme (as may be amended or modified in terms hereof) formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act and for an order under Section 282 of the Act for carrying the Scheme into effect.
- (ii) The respective Board of Directors of SIL and each of the Transferees may, in their absolute discretion, consent jointly on behalf of all concerned to any modifications or additions or alterations to this Scheme (as considered necessary or expedient by the Board of Directors for any reason whatsoever) or to any conditions which the Court may think fit to impose and may give such directions as they may consider necessary to settle any questions or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.
- (iii) Notwithstanding that the Scheme becomes binding and operative on the Sanction Date, the separation from SIL, and transfer to and vesting in each of the Transferees, of the Transferred Assets and Undertakings shall be deemed to have taken place on the Effective Date and shall be treated accordingly, as per the provisions of this Scheme.
- (iv) Except as expressly otherwise stated herein, following the Sanction Date, the Transferred Assets and Undertakings shall be recorded in the books of account of each of the Transferees at the respective values appearing in the books of account of SIL on the Effective Date.
- (v) Each of SIL and the Transferees shall take all actions and execute all formalities considered by their respective Board of Directors necessary and expedient to properly and smoothly cause the transfer and vesting of the Transferred Assets and Undertakings in the manner stated herein and shall carry out and execute this Scheme pursuant to and in accordance with the orders of the Court.
- (vi) Without prejudice to the generality of the foregoing, the respective Board of Directors of SIL and each of the Transferees may generally or with regard to any specific issue or matter related to the execution and implementation of the Scheme, upon its due approval by the Court, authorize any person(s) or committee of persons to carry out such acts, deeds and things as may be deemed, from time to time, expedient and necessary for a proper and smooth implementation of the Scheme.



- II. As of the Sanction Date, the terms of this Scheme shall be binding on each of SIL and the Transferees and all their respective members, employees, debtors and creditors and any person having any right or liability in relation to them.
- III. This Scheme shall become null and void subject to the following and in that event, no rights and liabilities shall accrue or be incurred by SIL or the Transferees in terms of this Scheme:
- if the Scheme is not approved by the requisite majority of members of any of SIL or the Transferees;
 - if sanction of the Court in respect of this Scheme is not obtained by or before December 31, 2024, or within such further period or periods as maybe agreed upon among SIL and the Transferees through their respective Board of Directors.

MISCELLANEOUS

- This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.
- Section headings are solely for convenience of reference and shall not affect the meaning or interpretation of this Scheme or any of its provisions.
- All costs, charges and expenses incurred in connection with the preparation of this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental thereto in pursuance of this Scheme and the transfer to and vesting in the Transferees of the Transferred Assets and Undertakings shall be borne and paid by SIL.
- The transfer, vesting and amalgamation of the Transferred Assets and Undertakings in terms of this Scheme shall not: (i) constitute any assignment, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any contract; and (iv) give rise to any right of first refusal or pre-emptive right.





For Service Industries Limited
Arif Saeed
Chief Executive



For Service Tyres (Private) Limited
Omar Saeed
Director



For Service Retail (Private) Limited
Hassan Javed
Director



For Service Industries Capital (Private) Limited
Hassan Javed
Director

Board of Directors
Service Industries Limited
Servis House, 2-Main Gulberg
LAHORE

27 February 2024
Our ref: G-1-213

Lady and Gentlemen

AUDITOR'S CERTIFICATE ON THE STATEMENT OF ASSETS AND LIABILITIES AS OF 31 DECEMBER 2023 UNDER CLAUSE (IV)(i) AND (ii), ARTICLE - 3 OF THE SCHEME OF ARRANGEMENT BETWEEN SERVICE INDUSTRIES LIMITED AND ITS MEMBERS AND SERVICE TYRES (PRIVATE) LIMITED AND ITS MEMBERS AND SERVICE RETAIL (PRIVATE) LIMITED AND ITS MEMBERS AND SERVICE INDUSTRIES CAPITAL (PRIVATE) LIMITED AND ITS MEMBERS (IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 AND ALL OTHER ENABLING PROVISIONS OF THE COMPANIES ACT, 2017)

We have been requested to provide you with a certificate on the Statement of Assets and Liabilities as of 31 December 2023, as required under Clause (IV)(i) and (ii), Article-3 of the Scheme of Arrangement between Service Industries Limited (SIL) and its members and Service Tyres (Private) Limited and its members and Service Retail (Private) Limited and its members and Service Industries Capital (Private) Limited and its members (in terms of provisions of sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) [hereinafter referred to as the 'Scheme'].

Scope of Certificate

Clause (IV)(i) and (ii), Article – 3 of the Scheme requires SIL to prepare a Statement of Assets and Liabilities (the 'Statement') of the properties, assets, rights, liabilities and obligations comprised in the Transferred Assets and Undertakings, as reflected in the books of account of SIL as of the Effective Date certified by the external auditors of SIL. The Statement is required to be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out the assumptions used in identifying the properties, rights, liabilities and obligations of SIL relating to the Transferred Assets and Undertakings.

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 31 December 2023 in accordance with Clause (IV)(i) and (ii), Article – 3 of the Scheme. The assumptions used in identifying the properties, rights, liabilities and obligations of SIL relating to the Transferred Assets and Undertakings are management's best estimate.

Auditor's Responsibility

Our responsibility is to certify the Statement in accordance with the '*Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms*' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- a) Obtained a copy of the Scheme duly approved by the board of directors of SIL for obtaining an understanding of the Transferred Assets and Undertakings [the Tyre Undertaking (Inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares] and the Retained Assets and Undertakings as per the Scheme;
- b) Checked that the Statement has been prepared in accordance with the Scheme;
- c) Reconciled the amounts of assets and liabilities as per the Statement with the segment-wise books of account maintained by SIL or the workings of assumptions relating to the Transferred Assets and Undertakings, whichever is applicable;
- d) Reconciled the grand total of the Transferred Assets and Undertakings and the Retained Assets and Undertakings with the audited financial statements of SIL for the year ended 31 December 2023; and
- e) Checked the mathematical accuracy of the Statement.

Certificate

Based on the procedures mentioned above, we certify that the Statement is properly prepared in accordance with the requirements of Clause (IV)(i) and (ii), Article – 3 of the Scheme.

Restriction on use and distribution

This certificate is issued in relation to Clause (IV)(i) and (ii), Article – 3 of the Scheme and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments.



RIAZ AHMAD & COMPANY
Chartered Accountants

LAHORE

SERVICE INDUSTRIES LIMITED
NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2023

1. Clause (IV)(i) and (ii), Article – 3 of the Scheme requires SiL to prepare a Statement of Assets and Liabilities (the 'Statement') of the properties, assets, rights, liabilities and obligations comprised in the Transferred Assets and Undertakings [the Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares], as reflected in the books of account of SiL as of the Effective Date certified by the external auditors of SiL.

1.1 The Statement has been prepared in accordance with the accounting principles generally accepted in Pakistan and these notes set out the assumptions used in identifying the properties, assets, rights, liabilities and obligations of SiL relating to the Transferred Assets and Undertakings.

1.2 The Effective Date as per the Scheme is 00:00 hours on 01 January 2024. As the audited financial statements of SiL have been prepared as of and for the year ended 31 December 2023, hence, the Statement is as of 31 December 2023.

1.3 The assets and liabilities comprised in the Transferred Assets and Undertakings [the Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares] and the Retained Assets and Undertakings have been arrived at as follows:

ACCOUNT HEAD	BASIS
ASSETS	
NON-CURRENT ASSETS	
Fixed assets	Segment-wise books of account maintained by SiL.
Right-of-use assets	Segment-wise books of account maintained by SiL.
Intangible assets	Segment-wise books of account maintained by SiL.
Long term investments	Segment-wise books of account maintained by SiL.
Long term loans to employees	Segment-wise books of account maintained by SiL.
Long term security deposits	Segment-wise books of account maintained by SiL.
CURRENT ASSETS	
Stores, spares and loose tools	Segment-wise books of account maintained by SiL.
Stock-in-trade	Segment-wise books of account maintained by SiL.
Trade debts	Segment-wise books of account maintained by SiL.
Loans and advances	Segment-wise books of account maintained by SiL.
Advance income tax - net of provision for taxation	Working by management based on historical tax information of each of the Undertakings.
Trade deposits and prepayments	Segment-wise books of account maintained by SiL.
Other receivables	Segment-wise books of account maintained by SiL.
Short term investments	Segment-wise books of account maintained by SiL.
Cash and bank balances	Segment-wise books of account maintained by SiL.
NON-CURRENT LIABILITIES	
Long term financing	Working by management based on earning potential of Service Tyres (Private) Limited, Service Retail

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ACCOUNT HEAD	BASIS
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Long term deposits

Lease liabilities

Employees' retirement benefit

Deferred liabilities

(Private) Limited and SIL and assets under / to be under charge of respective financial institutions.

Segment-wise books of account maintained by SIL.

Segment-wise books of account maintained by SIL.

Actuarial valuation.

Deferred income – Government grant is linked with long term financing, allocated as stated above. Deferred income tax liability – net has been allocated using working by management based on historical accounting / tax information of each of the Undertakings.

CURRENT LIABILITIES

Trade and other payables

Short term borrowings

Segment-wise books of account maintained by SIL.

Working by management based on earning potential of Service Tyres (Private) Limited, Service Retail (Private) Limited and SIL and assets under / to be under charge of respective financial institutions.

Accrued mark-up

Accrued mark-up is linked with long term financing and short term borrowings, allocated as stated above.

Current portion of non-current liabilities

Current portion of long term financing, lease liabilities and deferred income – Government grant is linked with long term financing, lease liabilities and deferred income – Government grant, allocated as stated above. Allocation of current portion of Gas Infrastructure Development Cess (GIDC) payable is based on segment-wise books of account maintained by SIL.

Unclaimed dividend

Allocated to Retained Assets and Undertakings, that declared the dividends.

1.4 The Tyre Undertaking, Retail Undertaking and Retained Assets and Undertakings as per the Scheme include Minimum Tax Credits under section 113(1) of the Income Tax Ordinance, 2001. Minimum Tax Credits available with SIL pertaining to the Tyre Business and Retail Business as of the Effective Date shall be deemed transferred to Service Tyres (Private) Limited and Service Retail (Private) Limited. The breakup of the said Minimum Tax Credits is as follows:

Accounting Year	Gross Minimum Tax Credit	Minimum Tax Credit to be transferred to Service Tyres (Private) Limited	Minimum Tax Credit to be transferred to Service Retail (Private) Limited	Minimum Tax Credit retained in Retained Assets and Undertakings
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----- Rupees in thousand -----

Total	1,032,040	742,830	143,674	145,536
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1.5 The Tyre Undertaking and the Retail Undertaking as per the Scheme include Tyre Intellectual Property and Retail Intellectual Property respectively that are off-balance-sheet items, hence not part of the Statement.

2. As per clause 2, clause 3 and clause 4, Article – 4 of the Scheme:

- In consideration of the transfer of Tyre Undertaking by SIL to Service Tyres (Private) Limited, Service Tyres (Private) Limited shall, issue and allot 666,224,300 fully paid-up ordinary shares of Rupees 10 each to SIL on the basis of net assets of Service Tyres (Private) Limited as of the Effective Date;
- In consideration for the transfer of SPL shares by SIL to Service Industries Capital (Private) Limited, Service Industries Capital (Private) Limited shall issue and allot 34,082,700 fully paid-up ordinary shares of Rupees 10 each to SIL as of the Effective Date;
- In consideration for the transfer of Retail Undertaking by SIL to Service Retail (Private) Limited, un-appropriated profit of SIL shall be credited with Rupees 322,992,000 as of the Effective Date, as book value of assets being transferred to Service Retail (Private) Limited is less than the book value of liabilities being transferred to Service Retail (Private) Limited. Service Retail (Private) Limited, as of the Effective Date, shall recognize a negative reserve of the same amount in its books of account.


CHIEF EXECUTIVE


DIRECTOR

SERVICE INDUSTRIES LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2023

Transferred Assets and Undertakings			Retained Assets and Undertakings
Tyre Undertaking	Retail Undertaking	SPL Shares	

----- Rupees in thousand -----

ASSETS

NON-CURRENT ASSETS

Fixed assets	9,900,796	1,366,021	-	1,180,677
Right-of-use assets	21,880	4,464,656	-	34,648
Intangible assets	-	1,860	-	5,650
Long term investments	1,281,500	-	407,916	6,339,540
Long term loans to employees	3,167	6,875	-	7,770
Long term security deposits	71,405	147,848	-	13,048
	<u>11,278,748</u>	<u>5,987,460</u>	<u>407,916</u>	<u>7,581,333</u>

CURRENT ASSETS

Stores, spares and loose tools	541,365	-	-	75,532
Stock-in-trade	5,029,883	2,984,961	-	2,372,589
Trade debts	2,818,707	-	-	1,048,624
Loans and advances	505,586	104,510	-	119,798
Advance income tax - net of provision for taxation	388,703	(90,157)	-	8,318
Trade deposits and prepayments	11,811	51,821	-	123,750
Other receivables	148,388	38,386	-	192,371
Short term investments	-	-	-	883,430
Cash and bank balances	1,700,710	-	-	112,966
	<u>11,145,153</u>	<u>3,089,523</u>	<u>-</u>	<u>4,937,378</u>
TOTAL ASSETS	<u>22,423,901</u>	<u>9,076,983</u>	<u>407,916</u>	<u>12,518,711</u>


NON-CURRENT LIABILITIES

Long term financing	2,497,156	600,000	-	5,711,363
Long term deposits	1,440	83,584	-	-
Lease liabilities	27,072	4,979,096	-	30,853
Employees' retirement benefit	205,524	18,611	-	62,869
Deferred liabilities	891,572	(403,190)	67,089	15,412
	<u>3,622,764</u>	<u>5,278,103</u>	<u>67,089</u>	<u>5,820,517</u>

CURRENT LIABILITIES

Trade and other payables	3,664,875	1,641,577	-	1,482,285
Accrued mark-up	275,572	142,939	-	384,360
Short term borrowings	6,827,704	1,728,304	-	2,333,565
Current portion of non-current liabilities	1,370,743	609,052	-	816,080
Unclaimed dividend	-	-	-	43,783
	<u>12,138,894</u>	<u>4,121,872</u>	<u>-</u>	<u>5,060,093</u>
Total liabilities	<u>15,761,658</u>	<u>9,399,975</u>	<u>67,089</u>	<u>10,880,610</u>
NET ASSETS	<u>6,662,243</u>	<u>(322,992)</u>	<u>340,827</u>	<u>1,638,101</u>

The annexed notes form an integral part of this Statement of Assets and Liabilities.


 CHIEF EXECUTIVE


 DIRECTOR

AFZAL H. MUFTI
HAMID KHAN
SALMAN ASLAM BUTT
MUNAWAR-US-SALAM
SHEHZAD A. ELAHI
WALEED KHALID
M. HAROON MUMTAZ
M. IQBAL AKHTAR
SIKANDAR H. KHAN
M. SHOAB RASHID
USMAN AKRAM SAHI
FAISAL HABIB KHAN

CORNELIUS, LANE & MUFTI
ADVOCATES & SOLICITORS

NAWA-E-WAQT HOUSE
4, SHAHRAH-E-FATIMA JINNAH
LAHORE - 54000

&
OFFICE NO. 309-A, 3rd FLOOR
EVACUEE TRUST COMPLEX,
AGHA KHAN ROAD
F-5/1, ISLAMABAD-44000

ADIL GHAFAR TOOR
ALIZY S. ASLAM
AMINA JAVED
AMNA SALAM
ANQIJE S. MALIK
ANZAHRA SYAL
DR. RIZWAN AHMAD
FAQIR H. KANA
FAZAN DAUD
FURQAN NAVEED CH.
GHULAM MUTADA
HAFSA AHMAD
HASSAN PERVAZ
MANAHI KHAN
SI. USAMEED BAKHSH
SI. MUSSADIQ ISLAM
SI. WAQAR HANA
SIKKA ABBAS RAH
QASIM IMRAN ALI
SALMAN Z. KHAN
SYED ZAIN NAQVI



Date: April 4, 2024

Registrar of Companies
Securities Exchange Commission of Pakistan,
3rd Floor, Associated House,
7 - Egerton Road,
Lahore

Subject: Submission of Scheme of Arrangement & Petition.

Dear Sir,

We, **Cornelius, Lane & Mufti**, on the instructions of our clients, **Service Industries Limited**, **Service Tyres (Private) Limited**, **Service Retail (Private) Limited** and **Service Industries Capital (Private) Limited**, are submitting the scheme of arrangement as approved by the respective Board of Directors of each client, setting forth the terms of reconstruction of our clients and their respective members.

Please find enclosed herewith the scheme of arrangement along with the copy of Civil Original No. 20997 of 2024, titled 'Service Industries Limited etc. Vs Joint Registrar of Companies' filed before the Honourable Lahore High Court, Lahore, for sanctioning.

In case of any questions, please do not hesitate to contact us.

Yours Sincerely,

Cornelius, Lane & Mufti
Cornelius, Lane & Mufti,

LAHORE: TEL: (92-42) 3636 0824, 3636 0868, 3630 6301
ISLAMABAD: TEL: (92-51) 8350467
E-MAIL: info@clm.com.pk

FAX: (92-42) 3630 3301
FAX: (92-51) 2823544
WEB: <http://www.clm.com.pk>



Service Industries Limited

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

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SERVICE INDUSTRIES LIMITED ("SIL" OR THE "COMPANY") IN THEIR MEETING HELD ON FEBRUARY 27, 2024 AT ITS REGISTERED OFFICE SITUATED AT SERVIS HOUSE, 2-MAIN GULBERG, LAHORE.

BOARD RESOLUTION

Resolved that the Scheme of Compromises, Arrangement and Reconstruction (the "Scheme") under Section 279 to 283 and other applicable provisions of the Companies Act, 2017, as placed before the Board for (1) the de-merger of Tyre Undertaking inclusive of all assets, rights, liabilities, entitlements and obligations (including 128,150,000 shares of Service Long March Tyres (Private) Limited) pertaining thereto from Service Industries Limited and simultaneously transferring to, vesting and amalgamating the same with and into Service Tyres (Private) Limited, a wholly owned subsidiary of Service Industries Limited against the issue of 666,224,300 fully paid-up ordinary shares of Rs. 10/- each by Service Tyres (Private) Limited to Service Industries Limited and for (2) the de-merger of Retail Undertaking inclusive of all assets, rights, liabilities, entitlements and obligations pertaining thereto from Service Industries Limited and simultaneously transferring to, vesting and amalgamating the same with and into Service Retail (Private) Limited, a wholly owned subsidiary of Service Industries Limited, against a credit of un-appropriated profit of SIL with Rs. 322,992,000, and for (3) the transfer and vesting of 150,709 shares of Speed (Private) Limited ("SPL shares") held by Service Industries Limited to Service Industries Capital (Private) Limited, a wholly owned subsidiary of Service Industries Limited, against issue of 34,082,700 fully paid-up ordinary shares of Rs. 10/- each by Service Industries Capital (Private) Limited to Service Industries Limited, be and is hereby agreed, approved and adopted, subject to obtaining all requisite permissions / approvals and sanction of the Scheme by the Honorable Lahore High Court, Lahore with such modification(s), addition(s) and deletion(s) as may be required by the members, the Securities and Exchange Commission of Pakistan and / or the Honorable Lahore High Court, Lahore.

Further resolved that Auditor's Certificate on the Statement of Assets and Liabilities of Tyre Undertaking, Retail Undertaking, SPL shares and Retained Assets and Undertakings as of 31 December 2023 issued under Clause IV of Article 3 of the Scheme and also annexed with the Scheme as Annexure XVI, be and is hereby, approved and adopted.

Resolved that the Chief Executive Officer and / or any one of the Directors be and is hereby authorized singly on behalf of Service Industries Limited to take or cause to be taken any or all acts, deeds and things as may be considered necessary or appropriate for implementation of the Scheme and all actions necessary in this respect and without prejudice to the generality of this authority:

- (i) to sign the Scheme along with the Statement of Assets and Liabilities as of 31 December 2023 issued under Clause IV of Article 3 of the Scheme;
- (ii) to institute and file petition(s), applications and affidavits and to make statements;
- (iii) to modify and amend the Scheme, if any;
- (iv) to make written submissions/statements before the Honorable Lahore High Court, Lahore and / or any other authorities;
- (v) to engage consultants, attorneys, advocates, and counsels for representing Service Industries Limited before Honorable Lahore High Court Lahore and / or Securities and Exchange Commission of Pakistan, Registrar of Companies, Competition Commission of Pakistan and/or any other authorities for the purposes of any requisite permission and implementation of the Scheme and to negotiate and approve their terms and conditions;
- (vi) to delegate all or any powers herein granted to the consultants, attorneys, advocates, counsels or any Officer of the Company and to authorize them to exercise such powers.

CERTIFIED TO BE TRUE COPY
SERVICE INDUSTRIES LIMITED


(WAHEED ASHRAF)
Company Secretary

**SERVICE INDUSTRIES LIMITED**

Registered Office: Servis House 2-Mian Gulberg, Lahore.

Phone: +92 42- 35751990-6

Website: www.servisgroup.com**BALLOT PAPER FOR VOTING THROUGH POST**

(in person and virtual Extraordinary General Meeting to be held at 2:00 p.m. on Monday, May 06, 2024)

Designated email address of the Chairperson at which the duly filled in ballot paper may be sent: rabbiyabajwa@gmail.com

Name of shareholder / joint shareholders	
Registered Address	
Number of Shares held (on close of April 29, 2024) and folio number	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following special resolution by picking tick (✓) mark in the appropriate box below:

Sr. No.	Name and Description of Resolutions	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	<p>“Resolved that the Scheme of Arrangement for, inter alia, compromise, arrangement and reconstruction (the “Scheme”) between M/s. Service Industries Limited and its members, M/s. Service Tyres (Private) Limited and its members, M/s. Service Retail (Private) Limited and its members and M/s. Service Industries Capital (Private) Limited and its members, considered by this meeting and initialled by the chairpersons of this meeting for purposes of identification, be and is hereby approved, adopted and agreed, subject to any modification(s) or conditions as may be required/imposed by the Honourable Lahore High Court, Lahore.</p> <p>Resolved Further that, the Chief Executive Officer and / or Company Secretary of the Company, singly, be and are hereby authorized to take any steps / measures for the implementation and completion of the Scheme”.</p>		

Signature of Shareholder(s)

Place:

Date:

NOTES / PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. Duly filled and signed original postal ballot should be sent to the chairperson, Ms. Rabbia Iftikhar Bajwa, at Office No. 37, 3rd Floor, Sadiq Plaza, Mall Road, Lahore or a scanned copy of the original postal ballot to be emailed at: rabbiyabajwa@gmail.com
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. **Postal Ballot forms should reach chairperson of the meeting on or before May 03, 2024 before 5:00 p.m. Any Postal Ballot received after this date, will not be considered for voting.**
4. Signature on Postal Ballot should match the signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, in correct, defaced, torn, mutilated, over written ballot papers will be rejected.
6. In case of representative of body corporate and corporation, Postal Ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
7. Ballot paper has also been placed on the website of the Company www.servisgroup.com. Members may download the ballot paper form the website or use original/photocopy published in newspapers.

Form of Proxy

Extraordinary General Meeting

I/We _____ of _____
 _____ being a member(s) of **Service Industries Limited** and holder of _____ Ordinary Shares hereby
 appoint Mr. / Mrs. / Miss _____ of _____
 or failing him / her _____ of _____ as my/our proxy in my / our absence to attend and vote for me / us on my /
 our behalf at the Extraordinary General Meeting to be held on May 06, 2024 at 2:00 p.m. and / or at any adjournment thereof.

In witness thereof I / We have signed and set my / our hands seal thereon this _____ day of _____ 2024
 in the presence of _____

Signed this _____ day of _____ 2024

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on Fifty - Rupees
Revenue Stamp

The Signature should agree with
the specimen registered with
the Company.

Important:

1. This Proxy Form, duly completed and signed, must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. If a member appoints more than one proxy and more than one instrument of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met:

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.

پراکسی فارم

غیر معمولی اجلاس عام

میں / ہم _____ **سروس انڈسٹریز لمیٹڈ** کے ممبر کی حیثیت سے اور حال _____
 عمومی حصص، محترم / محترمہ _____ کو یا ان کی غیر حاضری کی صورت میں محترم / محترمہ _____
 کو اپنا / ہمارا پراکسی مقرر کرتا کرتی ہوں کہ میری غیر موجودگی کی صورت میں میری / ہماری طرف سے کمپنی کے غیر معمولی اجلاس عام جو کہ مورخہ 06 مئی 2024 دوپہر 2:00 بجے منعقد ہو رہا ہے، میں شرکت / حق رائے دہی استعمال کر سکیں۔

گواہ نمبر 1

نام _____ دستخط _____ مورخہ _____

گواہ نمبر 2

نام _____ دستخط _____ مورخہ _____

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	پارٹنیشن آئی ڈی	اکاؤنٹ نمبر

پچاس روپے مالیت کی
 ریونیو ٹکٹ پر دستخط کریں۔

(دستخط کمپنی میں درج نمونہ دستخط
 کے مطابق ہونے چاہئیں)

اہم ہدایات:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کو موصول ہوں۔ پراکسی کمپنی کے ممبرز میں سے ہی ہونا چاہیے۔
2. ایک سے زیادہ پراکسی مقرر کرنا یا جمع کروانا، ناقابل قبول ہوگا۔
3. سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے۔

اوپر دی گئی ہدایت کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر اڈومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔
- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر اڈومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی اپنے ہمراہ لے کر آئیں۔
- کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بعد دستخط کا نمونہ پراکسی فارم کے ساتھ جمع کروانا ضروری ہوگا۔