

**THE SEARLE COMPANY LIMITED****Notice of 56<sup>th</sup> Annual General Meeting**

Notice is hereby given that the **56<sup>th</sup> Annual General Meeting (AGM)** of the members of **The Searle Company Limited** will be held on **Thursday, October 28, 2021** at **04:00 p.m.** through **video link facility** from 3<sup>rd</sup> Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi to transact the following business:

**ORDINARY BUSINESS**

1. To confirm the minutes of extraordinary general meeting held on June 28, 2021.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2021 together with the Directors' and Independent Auditors' reports thereon.
3. To declare and approve final cash dividend @ 20% i.e. PKR 2/- per share of PKR 10/- each for the financial year ended June 30, 2021, as recommended by the Board of Directors.
4. To appoint external auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s A. F. Ferguson & Co., Chartered Accountants as external auditors, for the year ending June 30, 2022.

**SPECIAL BUSINESS**

5. To consider the increase of authorized share capital of the Company from PKR 3.0 billion to PKR 4.0 billion divided into 400,000,000 ordinary shares of PKR10/- each and to consider and if thought fit to pass the following resolution as **special resolution**:

**“RESOLVED** that the authorized share capital of the Company be and is hereby increased from PKR 3,000,000,000/- divided into 300,000,000 ordinary shares of PKR10/- each to PKR 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each, by the creation of 100,000,000 additional ordinary shares at nominal value of PKR10/- each to rank pari passu in every respect with the existing ordinary share of the Company.

**FURTHER RESOLVED** that the Memorandum and Articles of Association of the Company be and are hereby altered for increase in authorized share capital to read as follows:

- Clause V of Memorandum of Association “The authorized capital of the Company is PKR 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each.”
- Article 3 of Articles of Association “The authorized capital of the Company is PKR 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each.”

**FURTHER RESOLVED** that Mr. Zubair Razzak Palwala, Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be

necessary or incidental for the purpose of implementation of the aforesaid resolution.”

6. To approve the issue of bonus shares in the ratio of 30 shares for every 100 shares held i.e. 30% as recommended by the board of directors and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

“**RESOLVED** that a sum of PKR 720,121,570/- shall be appropriated from the share premium account and applied in making payment in full of 72,012,157 ordinary shares of PKR 10/- each and that the said shares be allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 21, 2021, in the proportion of 30 shares for every 100 ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares but shall not be eligible for the final cash dividend declared for the year ended June 30, 2021.

**FURTHER RESOLVED** that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

**FURTHER RESOLVED** that the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said bonus shares as he thinks fit.”

7. To approve the remuneration of Executive Director(s) including the Chief Executive Officer and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

“**RESOLVED** that the Chief Executive Officer and one full-time working director will be paid an amount not exceeding PKR 150 million which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2022 be and is hereby approved. Further, the Chief Executive Officer and Executive Director are entitled for free use of Company maintained transport for official and private purposes as approved by the Board.”

8. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2021 by passing the following special resolution with or without modification:

“**RESOLVED** that the transactions carried out with Related Parties as disclosed in the note 41 of the unconsolidated financial statements for the year ended June 30, 2021 and specified in the Statement of Material Information under section 134(3) of the Companies Act, 2017 be and are hereby ratified, approved and confirmed.”

9. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2022 by passing the following special resolution with or without modification:

**“RESOLVED** that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be carried out with Related Parties on case-to-case basis for the financial year ending June 30, 2022.

**FURTHER RESOLVED** that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”

## **OTHER BUSINESS**

10. To transact any other business with the permission of the chair.

**“Statements under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Numbers 5, 6, 7, 8 and 9 is annexed to the notice being sent to the members.”**

By order of the Board

**Zubair Razzak Palwala**  
Director & Company Secretary

Karachi: October 7, 2021

## **NOTES:**

### **A. Book closure**

The share transfer books will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 at the close of business on October 21, 2021 shall be considered in time for the purpose of attending the Annual General Meeting and entitlement of cash dividend and bonus shares.

### **B. Coronavirus contingency planning for general meeting of shareholders**

In accordance with SECP Circular No. 6 of 2021 dated March 03, 2021, the Company will be taking measures for managing the annual general meeting of the Company in consonance with the Government's restrictions on public gatherings. Accordingly, the following information is set out below for the convenience of the shareholders of the Company:

i) Shareholders are urged to send by email, WhatsApp or any other electronic mean or by post or courier their comments/suggestions for the proposed agenda item of the annual general meeting. The details are set out below:

Email address:	muhammad.suleman@searlecompany.com
WhatsApp No.:	+ 92 300 2700130
Cell phone No.:	+ 92 300 2700130
Registered Office Address:	The Searle Company Limited 2nd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shakra-e-Faisal, Karachi

ii) Shareholders of the Company can also attend the annual general meeting via video link to login and participate in the proceedings of the annual general meeting through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities.

Shareholders interested in attending the annual general meeting via video link are requested to have their particulars registered at least 24 hours before the time of annual general meeting with the Company Secretary at the following address:

**Email address:** muhammad.suleman@searlecompany.com

The login facility will be opened at 3:00 p.m. on October 28, 2021 enabling the participants to join the proceedings which will start at 4:00 p.m. sharp.

The shareholders are requested to provide the information as per the below format. The video link will be sent to the shareholders on the email address provided in the below table:

S. No.	Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email address

In view of the prevailing situation shareholders are urged to provide proxies.

### **C. Participation in Annual General Meeting**

All members are entitled to attend, speak and vote at the annual general meeting. A member may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: 2nd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shakra-e-Faisal, Karachi-75530 not less than 48 hours before the meeting.

An individual beneficial owner of the shares must bring his/her original CNIC or Passport, Account and Participant's ID numbers to prove his / her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

### **D. Payment of Cash Dividend electronically (mandatory requirement)**

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, a listed company, is required to pay cash dividend to its shareholder **only** through electronic mode directly into the bank account designated by the entitled shareholder. In this regard, The Searle Company Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders and issued various notices requesting the shareholders to comply with the requirements of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

<b>Details of Shareholder</b>	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
<b>Details of Bank Account</b>	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ <b>Signature of shareholder</b>	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

**E. Withholding tax on Dividend**

I) Effective from July 1, 2021, the applicable rates of deduction of income tax from dividend payment under the Income Tax Ordinance, 2001 are given as under:

- i. for filers of income tax return – 15%
- ii. for non-filers of income tax return – 30%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

II) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company's Share Registrar by the first day of book closure.

III) As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

IV) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

**F. Request for Video conference facility**

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the company ten days before holding of the annual general meeting.

If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 day prior to day of meeting, the company will arrange a video conference facility in the city subject to availability of such facility in that city.

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of the Searle Company Limited, holder of \_\_\_\_\_ ordinary shares as per registered folio # \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

The Company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

**G. Electronic transmission of financial statements and notice of annual general meeting**

Members who desire to receive financial statements and notice of annual general meeting through email are requested to send their consent on Standard Request Form available on company's website [www.searlecompany.com](http://www.searlecompany.com) in order to avail the facility. The financial statements and notice of annual general meeting are also available on company's website.

**H. Postal Ballot/E-Voting**

In accordance with the Companies (Postal Ballot) Regulations 2018, for the purpose of approval of any agenda item, members will be allowed to exercise their vote through postal ballot i-e, by post or e-voting, in the manner and subject to conditions contained in aforementioned regulations.

**I. Change of Address**

Members are requested to notify changes in their address, if any, immediately to the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**

**- Item 5 of the notice – increase of authorized share capital**

The amendment in Memorandum and Articles of Association of the Company is proposed to enhance the authorized capital of the Company by PKR 1.0 billion. The enhancement of authorized capital will enable the Company to issue the bonus shares in future.

The Directors have no interest, directly or indirectly, in alteration of the Memorandum and Articles of Association of the Company, except that they are shareholders/directors in the Company.

**- Item 6 of the notice - approval of bonus shares**

The Directors of the Company are of the view that the Company's financial position justifies issuance of bonus shares in the ratio of thirty shares for every hundred shares held.

The Directors are interested in the business to the extent of the entitlement of bonus shares as shareholders.

**- Item 7 of the notice - approval of the remuneration of Chief Executive Officer**

The approval is being sought for fixing the remuneration of Executive Director(s) including the Chief Executive Officer of the Company in accordance with their terms and conditions of service.

None of the Directors of the Company have any, direct or indirect, interest in the above said special business, except that mentioned therein.

**- Item 8 of the notice - ratification and approval of the related party transactions**

All transactions of the Company with the related parties were approved by the Board. Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year since majority of the Company's Directors were interested in certain transactions due to their common directorships in the group companies, these transactions are being placed for the approval by shareholders in the Annual General Meeting.

All transactions with related parties to be ratified have been disclosed in the note 41 to the unconsolidated financial statements for the year ended June 30, 2021. Party-wise details of such related party transactions are given below:

Name of Related Parties	Nature of transactions	PKR '000
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International Brands Limited	Corporate service charges	<b>240,000</b>
	Rent income	<b>13,919</b>
	Income from provision of amenities	<b>18,169</b>
	Expenses	<b>2,473</b>
	Right shares subscribed	<b>2,543,229</b>
IBL Healthcare Limited	Revenue	<b>219,375</b>
	Dividend income	<b>78,018</b>
	Rent income	<b>3,208</b>
	Income from provision of amenities	<b>2,110</b>
	Claims	<b>5,237</b>
	Bank guarantee	<b>7,633</b>
	Reimbursement of expenses	<b>29,812</b>
The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of UVPL - note 8.1.2.7		
The Company has obtained a Musharaka facility against the properties of IBL Healthcare Limited - note 21.1		
Searle Biosciences (Private) Limited	Revenue	<b>161,740</b>
	Dividend income	<b>233,000</b>
	Advance against financial assistance	<b>116,625</b>
Searle Pakistan Limited {Formerly as OBS Pakistan (Private) Limited}	Rent income	<b>7,800</b>
	Income from provision of amenities	<b>1,071</b>
	Dividend income	<b>500,000</b>
	Advance against financial assistance	<b>116,000</b>
	Reimbursement of expenses	<b>4,236</b>
	Sales Promotion Expenses	<b>8,388</b>
	Material loan given	<b>7,016</b>
	Material loan obtained	<b>1,018</b>
The Company has obtained a Musharaka facility against the property, plant and equipment of Searle Pakistan Limited {Formerly as OBS Pakistan (Private) Limited} - note 21.1		
IBL Identity (Private) Limited *	Revenue	<b>176,562</b>
	Discounts claimed	<b>19,260</b>
	Rent expense	<b>22,600</b>
	Purchases	<b>2,831</b>
	Right shares subscribed	<b>3,477,000</b>
	Others	<b>292</b>
* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.		
Nextar Pharma (Private) Limited	Advance against financial assistance	<b>18,773</b>
IBL Operations (Private) Limited	Revenue	<b>14,151,632</b>
	Rent income	<b>13,416</b>
	Income from provision of amenities	<b>21,565</b>
	Carriage and duties	<b>36,241</b>
	Discounts claimed	<b>213,705</b>
	Rent expense	<b>32,701</b>
	Merchandise expense	<b>31,737</b>
	Internet services	<b>745</b>
	Incentive to field force staff	<b>22,923</b>

	Salaries and wages	5,222
	Inventory claims	580,480
	Purchase of assets	8,040
	Rent for warehouse	9,799
	Others	808
Universal Ventures (Private) Limited	Disposal of subsidiary - note 8.1.3	3,526,875
	Acquisition of subsidiary - note 8.1.2	15,800,000
United Brands Limited	Purchases	312
	Others	6,427
IBL Frontier Markets (Private) Limited	Purchases	1,196
	Purchase of fixed assets	17,010
	Income from provision of amenities	24,225
IBL Unisys (Private) Limited	Rent income	1,853
	Income from provision of amenities	1,297
	Purchases	37
IBL Logistics (Private) Limited	Revenue	8
	Rent income	995
	Carriage and duties	157,144
	Repair and maintenance	459
	Purchases	2,625
	Transportation charges	5,373
International Franchises (Private) Limited *	Rent income	12,186
	Income from provision of amenities	3,228
	Renovation	6,300
	Others	1,774
United Distributors (Private) Limited *	Rent income	349
	Income from provision of amenities	141
	Rent expense	600
* with effect from June 18, 2021, United Distributors (Private) Limited and International Franchises (Private) Limited ceased to be related party of the Company.		
United Retail (SMC-Private) Limited	Rent income	39,989
	Income from provision of amenities	37,386
	Salaries and wages	513
	Donations	253
	Purchases of Property, Plant and Equipment	137
	Purchases	1,276
AKAR Hospital	Donations	17,323
Multinet (Private) Limited	Internet services	7,661
The Hunar Foundation	Donations	10,000
Sabaq Learning Foundation	Donations	30,000
The Indus Hospital	Donations	5,000
Staff retirement benefits:	Contributions to Provident Fund	140,942
	Benefits paid	281,375
Key management employee's compensation:	Salaries and other employee benefits	322,926
	Contributions to Provident Fund	18,946

	Directors' fees	45
* Key management personnel include Chief Executive Officer, Executive Director, Chief Financial Officer and Head of departments.		
<b>Directors:</b>		
Mr. Adnan Asdar Ali	Right shares subscribed	73
Mr. Rashid Abdulla*	Right shares subscribed	1,049
* The amount has been deposited by Mr. Munis Abdullah -son of Mr. Rashid Abdulla (Late).		
Mr. Syed Nadeem Ahmed	Right shares subscribed	84
Mr. Zubair Razzak Palwala	Right shares subscribed	32,388
Mr. Ayaz Abdulla	Right shares subscribed	439
Mr. Atta Ur Rehman	Right shares subscribed	5,111
Mrs. Shaista Khailq Rehman	Right shares subscribed	20,071
Mr. Mufti Zia Ul Islam	Right shares subscribed	1,870

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Board of Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board of Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale of goods, dividends paid, (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel.

The nature of relationship with these related parties has also been indicated in the note 41 to the unconsolidated financial statements for the year ended June 30, 2021. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

- **Item 9 of the notice - authorize the Board of Directors to approve the related party transactions during the year ending June 30, 2022**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2022 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the holding / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2022 which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.