

Notice of 54th Annual General Meeting

Notice is hereby given that the 54th Annual General Meeting (AGM) of the members of The Searle Company Limited will be held on Friday, October 25, 2019 at 05:00 p.m. at the Aquarius Hall, Beach Luxury Hotel, M.T Khan Road, Karachi-74000 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of annual general meeting held on November 22, 2018.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2019 together with the Directors' and Independent Auditors' reports thereon.
3. To declare and approve final cash dividend @ 25% i.e. PKR 2.50 per share of PKR 10/- each for the financial year ended June 30, 2019, as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

5. 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 105 million which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2020 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.”

6. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2019 by passing the following special resolution with or without modification:

“RESOLVED that the transactions carried out with Related Parties as disclosed in the note 36 of the unconsolidated financial statements for the year ended June 30, 2019 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.”

7. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2020 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, 2020.

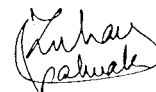
FURTHER RESOLVED that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”

OTHER BUSINESS

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

(Attached to this Notice is a Statement of Material Facts covering the abovementioned Special Business, as required under section 134(3) of the Companies Act, 2017)

By order of the Board



Zubair Palwala
Company Secretary

Karachi: October 4, 2019

NOTES:

A. Book closure

The share transfer books will remain closed from October 19, 2019 to October 25, 2019 (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 18, 2019 shall be treated in time for the purpose of attending the Annual General Meeting and entitlement of cash dividend, if approved by the shareholders.

B. 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: First Floor, NIC Building, Abbasi Shaheed Road, 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.

C. 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 Shakra-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
Details of Bank Account	
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.	
_____ Signature of shareholder	

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

D. Withholding tax on Dividend

I) Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rate of deduction of income tax from dividend payment under the Income Tax Ordinance, 2001 have been revised 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 is 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.

E. 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.

F. 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 No. 5 of the notice - Approval of the remuneration of Executive Director(s) including the 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 No. 6 of the notice – Ratification and approval of the related party transactions carried out during the year ended June 30, 2019

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, 2017. 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, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017. During the 25th Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ended June 30, 2019 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in next AGM for their formal approval / ratification. Accordingly, these transactions are being placed before the AGM for the formal approval / ratification by shareholders.

All transactions with related parties to be ratified have been disclosed in the note 36 to the unconsolidated financial statements for the year ended June 30, 2019. Party-wise details of such related party transactions are given below:

Name of Related Parties	Nature of Transactions	PKR '000	
Akar Hospital	Donation	17,167	
Arshad Shahid Abdulla Private Limited	Architect fee	3,295	
International Franchises Private Limited	Revenue	71	
	Rent income	15,641	
	Income from provision of amenities	6,820	
United Retail (SMC-Private) Limited	Rent income	46,376	
	Income from provision of amenities	65,721	
IBL Frontier Markets Private Limited	Revenue	152	
	Purchases	769	
IBL Future Technologies Private Limited	Short-term borrowing	23,100	
	Revenue	2,064	
	Dividend income	39,009	
IBL Health Care Limited	Advance against financial assistance	24,777	
	Revenue	18	
	Purchases of Land	400,500	
IBL Identity Private Limited	Purchases of Consumables	3,991	
	Short-term loan	516,902	
	Revenue	12,180,664	
	Rent income	1,125	
IBL Operations Private Limited	Salaries and wages	775	
	Purchases	1,376	
	Carriage and duties	70,564	
	Discounts claimed	766,371	
	Rent expense	10,856	
	Stock claims	394,611	
	Internet services	414	
	Repair and Maintenance	7,893	
	Donation	580	
	Merchandise Expense	140,278	
	Incentives to field force staff	12,672	
	IBL-Unisys Private Limited	Revenue	218
		Software Maintenance	20,289
Purchases of ERP Software		26,308	

International Brand Limited	Corporate service charges	216,000
	Computer Expense	441
	Rent income	9,557
	Income from provision of amenities	7,490
Multinet Pakistan Private Limited	Internet services	5,213
Mycart Private Limited	Purchases	2,682
	Advance against financial assistance	1,500
Nextar Pharma Private Limited	Advance against financial assistance	5,414
Searle Biosciences Private Limited	Revenue	261,815
	Dividend income	313,696
	Short-term borrowing	5,000
	Advance against financial assistance	15,362
Searle Pharmaceuticals Private Limited	Outside processing charges	3,330,278
	Dividend income	2,590,906
The Citizens Foundation	Donation	20,300
United Brand Limited	Revenue	4,344
	Purchases	10,799
	Stock claims	4,022
	Discounts claimed	2,304
United Distribution limited	Rent expense	486
IBL Logistics Private Limited	Revenue	96,839
Hunar Foundation	Revenue	117
Staff retirement benefits	Contributions to Provident Fund	51,704
Key management employees compensation	Salaries and other employee benefits	60,006
	Contributions to Provident Fund	3,517

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 36 to the unconsolidated financial statements for the year ended June 30, 2019. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Item No. 7 of the notice – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2020

The Company shall be conducting transactions with its related parties during the year ending June 30, 2020 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, 2020, 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.