

THE SEARLE COMPANY LIMITED
One IBL Centre, 2nd Floor,
Plot # 1, Block 7 & 8, D.M.C.H.S.,
Tipu Sultan Road. Off Shakra-e-Faisal,
Karachi Postal Code-75350
UAN: (021) 111 SEARLE (732753)
Tel: (92-21) 371 70 200, 371 70 201
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Karachi-Plant
F-319, S.I.T.E., Karachi
Tel: 32578001 (7 lines)
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32-Km Multan Road, Lahore
Tel: (92-42) 36169990, 36169992
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Date: October 27, 2020

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

Dear Sir,

SEARLE

FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2020

We have to inform you that the Board of Directors The Searle Company Limited (the "Company"), in their meeting held on Tuesday, October 27, 2020 at 12:30 p.m. at Karachi has approved the unaudited standalone and consolidated financial statements for the period ended September 30, 2020 and recommended the following:

1. RIGHT SHARES

The Board has recommended to offer to the members in the proportion of 13 Right Shares for every 100 ordinary shares held i.e. 13%, at a price of PKR 170/- per right share (inclusive of a premium of PKR 160/-, per Right Share).

Following details are enclosed:

- i) Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders, risk factors and justification for issue of shares at premium (**Annexure A**).
- ii) Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated October 27, 2020 (**Annexure B**).
- iii) Draft copy of the notice of the Right Issue to the Shareholders prior to its publication in the newspapers (**Annexure C**).

Further, the board has authorized the Company to acquire production facility situated at Plot Nos. E.44 & E45, North Western Industrial Zone, Port Qasim, Karachi from First UDL Modaraba [managed by UDL Modaraba Management (Private) Limited], at a consideration of PKR 230,000,000/- (Pak Rupees Two Hundred Thirty Million).



The financial results of the Company (standalone and consolidated) are attached herewith.

The share transfer books of the Company will be closed from November 19, 2020 to November 25, 2020 (both days inclusive). Transfers received at CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on November 18, 2020 will be treated in time for the purpose of above entitlement to the transferees.

The quarterly financial statements of the Company for the period ended September 30, 2020 will be transmitted through PUCARS separately, within the specified time.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,



Zubair Razzak Palwala
Director & Company Secretary

Enclosed: As Above

Copt to:

The Commissioner
Corporate Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
Securities and Exchange Commission of Pakistan
Islamabad

THE SEARLE COMPANY LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2020 - UNAUDITED

	Quarter ended	
	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----	
Revenue from contracts with customers	4,068,860	4,062,321
Cost of sales	<u>(2,057,411)</u>	<u>(2,095,753)</u>
Gross profit	2,011,449	1,966,568
Distribution costs	(815,656)	(927,701)
Administrative expenses	(289,143)	(273,372)
Other operating expenses	(61,145)	(57,658)
Other income	183,567	151,784
Profit from operations	<u>1,029,072</u>	<u>859,621</u>
Finance cost	(252,389)	(135,260)
Profit before income tax	<u>776,683</u>	<u>724,361</u>
Income tax expense	(184,623)	(177,044)
Profit after tax	<u>592,060</u>	<u>547,317</u>
Other comprehensive income	-	-
Total comprehensive income	<u><u>592,060</u></u>	<u><u>547,317</u></u>
		(Re-stated)
Basic and diluted earnings per share (Rupees)	<u><u>2.79</u></u>	<u><u>2.58</u></u>

N.A.



THE SEARLE COMPANY LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2020 - UNAUDITED

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Rupees in '000)	
Revenue from contracts with customers	5,562,484	4,962,130
Cost of sales	<u>(3,002,386)</u>	<u>(2,589,484)</u>
Gross profit	2,560,098	2,372,646
Distribution cost	(1,015,026)	(1,096,777)
Administrative expenses	(315,867)	(304,220)
Other operating expenses	(72,497)	(58,800)
Other income	42,886	49,400
Profit from operations	<u>1,199,594</u>	<u>962,249</u>
Finance cost	(272,479)	(143,040)
Profit before income tax	<u>927,115</u>	<u>819,209</u>
Income tax expense	(278,779)	(264,593)
Profit for the period	<u>648,336</u>	<u>554,616</u>
Other comprehensive income	-	-
Total comprehensive income	<u><u>648,336</u></u>	<u><u>554,616</u></u>
Total comprehensive income is attributable to:		
Owners of the The Searle Company Limited - Holding Company	635,599	545,952
Non-controlling interests	<u>12,737</u>	<u>8,664</u>
	<u><u>648,336</u></u>	<u><u>554,616</u></u>
Basic and diluted earnings per share (Rupees)	<u><u>2.99</u></u>	<u><u>2.57</u></u>



The Searle Company Limited

Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the Issue to the Company and the shareholders, Risk Factors, and Justification for Issue of Shares at Premium, under Rule 3 of the Companies (Further Issue of Shares) Regulations, 2020.

Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is 13% of the existing paid-up capital of the Company i.e. 13 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue Size

The Company shall issue 27,615,281 (Twenty Seven Million Six Hundred Fifteen thousand Two Hundred Eighty One) ordinary shares, at a price of PKR 170/- (Pak Rupees One hundred seventy only) per share, aggregating to PKR 4,694,597,770/- (Pak Rupees Four Billion Six Hundred Ninety Four Million Five Hundred Ninety Seven Thousand Seven Hundred Seventy Only).

Right Issue Price

PKR 170/- (Pak Rupees One Hundred Seventy Only) per share, inclusive of a premium of PKR 160/- (Pak Rupees One Hundred Sixty Only) per share.

Purpose of the Right Issue

The purpose of Right Issue is Business expansion/diversification and working capital requirements.

Utilization of Proceeds of the Right Issue

The proceeds raised through Right Issue will be utilized for expansion of production facilities and improve working capital cycle.

Benefits to the Company and Shareholders

The same will result in an improved financial position of the Company as a substantial liability of the Company will be settled and replaced with equity.



Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription (or arrangement of subscription) of their respective right entitlements and the balance portion of the Right Issue is to be fully underwritten as per requirement of the applicable regulations. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track record which will help to mitigate such risk factors.

Justification for issue of shares at premium

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice (38% discount on last closing of 27-10-2020 i.e. PKR 274.5).

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Annexure B

Extracts of the Resolutions passed by the Board of Directors of The Searle Company Limited (the "Company") at its meeting held on October 27, 2020 at 12:30 p.m., at Karachi.

SEARLE

RESOLVED THAT the ordinary paid up share capital of the Company be increased from PKR 2,124,252,450 (Pak Rupees Two Billion One Hundred Twenty Four Million Two Hundred Fifty Two Thousand Four Hundred and Fifty) to PKR 2,400,405,260/- (Pak Rupees Two Billion Four Hundred Million Four Hundred Five Thousand Two Hundred Sixty), by issue of further 27,615,281 (Twenty Seven Million Six Hundred Fifteen Thousand Two Hundred Eighty One) ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 170/- (Pak Rupees One Hundred Seventy) per share (i.e. at a premium of PKR 160/- (Pak Rupees One Hundred Sixty) per share), in the ratio of 13 right shares for every 100 existing ordinary shares of PKR 10/- each held (i.e. 13%), against payment to the Company of the price of the shares subscribed, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company (the "Right Issue").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the Right Issue to the Company and the shareholders of the Company, the risk factors associated with the Right Issue, and the justification for the issue of shares at premium, in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

Quantum of the Right Issue (i.e. as a percentage of existing paid up capital)

The quantum of the Right Issue is 13% of the existing paid-up capital of the Company i.e. 13 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue Size

The Company shall issue 27,615,281 (Twenty Seven Million Six Hundred Fifteen Thousand Two Hundred Eighty One) ordinary shares, at a price of PKR 170/- (Pak Rupees One Hundred Seventy) per share, aggregating to PKR 4,694,597,770/- (Pak Rupees Four Billion Six Hundred Ninety Four Million Five Hundred Ninety Seven Thousand Seven Hundred Seventy Only).



Right Issue Price

PKR 170/- per share (inclusive of a premium of PKR 160/- (Pak Rupees One Hundred Sixty) per share).

Purpose of the Right Issue

The purpose of Right Issue is Business expansion/diversification and working capital requirements.

Utilization of Proceeds of the Right Issue

The proceeds raised through Right Issue will be utilized for expansion of production facilities and improve working capital cycle.

Benefits to the Company and its Shareholders

The same will result in an improved financial position of the Company as a substantial liability of the Company will be settled and replaced with equity.

Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription (or arrangement of subscription) of their respective right entitlements and the balance portion of the Right Issue is to be fully underwritten as per requirement of the applicable regulations. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track record which will help to mitigate such risk factors.

Justification for issue of shares at premium

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice (38% discount on last closing of 27-10-2020 i.e. PKR 274.5).

FURTHER RESOLVED THAT the letter of offer may be issued / signed by any two directors of the Company in compliance with the applicable laws.

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FURTHER RESOLVED THAT the draft of the circular to accompany the letter of offer, pursuant to Section 83(3) of the Companies Act, 2017, as placed before the directors be and is hereby approved and Mr. S. Nadeem Ahmed, the Chief Executive Officer and Mr. Zubair Razzak Palwala the Director and Company Secretary of the Company, be and are hereby singly authorized to sign the circular on behalf of all the Directors.

FURTHER RESOLVED THAT all fractional entitlements will be consolidated in the name of the Company Secretary (under trust) and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

FURTHER RESOLVED THAT that any unsubscribed shares may be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the Company be and is hereby authorized to close its share transfer books from November 19, 2020 to November 25, 2020 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue.

FURTHER RESOLVED THAT the Mr. S. Nadeem Ahmed – Chief Executive Officer and / or Mr. Zubair Razzak Palwala – Director and Company Secretary of the Company be and are hereby severally authorized to do the following on behalf of the Company:

- (i) appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (ii) to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan (“SECP”) / Pakistan Stock Exchange Limited (“PSX”) / Central Depository Company of Pakistan Limited (“CDC”) (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii) to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of shares;
- (iv) to allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors’ certificates; and



- (v) to take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of The Searle Company Limited held at 12:30 p.m., at Karachi on October 27, 2020.



Zubair Razzak Palwala
Director & Company Secretary

NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

Members are hereby notified that the Board of Directors of The Searle Company Limited (the "**Company**") in their meeting held on October 27, 2020 has decided to issue further capital by offering 27,615,281 (Twenty Seven Million Six Hundred Fifteen Thousand Two Hundred Eighty One) ordinary right shares of PKR 10/- (Pak Rupees Ten) each, in the proportion of 13 right shares for every 100 ordinary shares held (i.e. 13%), at a price of PKR 170/- (Pak Rupees One Hundred Seventy) per share (inclusive of a premium of PKR 160/- (Pak Rupees One Hundred Sixty) per share, against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company.

The share transfer books of the Company will be closed from November 19, 2020 to November 25, 2020 (both days inclusive). Transfers received at CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on November 18, 2020 will be treated in time for the purpose of above entitlement to the transferees.

Zubair Razzak Palwala
Director & Company Secretary