

THE SEARLE COMPANY LIMITED
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May 25, 2023

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

Subject: Disclosure of Material Information and Declaration of Right Shares

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015 and Clause 5.6.1(a) of the Rule Book of the Pakistan Stock Exchange Limited, we hereby convey the following information:

1. Acquisition of Searle IV Solutions (Private) Limited

In continuation of the authorization granted by the Board of Directors of The Searle Company Limited (hereinafter referred to as the "**Company**") (as disclosed on April 28, 2023) to, *inter alia*, explore the feasibility / viability of potentially investing in / acquiring a company involved in the business of IV Solutions, at the meeting of the Board held at 12:00 p.m. on Thursday, May 25, 2023 at 3rd Floor, One IBL Centre, Shahrah-e-Faisal, Karachi (and through videoconferencing) (the "**Board Meeting**"), the Board provided their approval for the acquisition of 100% (one hundred percent) of the issued and paid up share capital of Searle IV Solutions (Private) Limited (being an associated company of the Company) for an aggregate price of PKR 3,500,000,000/- (Pak Rupees Three Billion Five Hundred Million), subject to obtaining necessary corporate and regulatory approvals, including the approval of the shareholders of the Company under Section 199 of the Companies Act, 2017.

Additionally, the Board resolved to authorize the persons to take all necessary steps with respect to the said transaction, including to call an extraordinary general meeting of the shareholders of the Company for the purpose of, *inter alia*, obtaining the approval of the shareholders for such acquisition. Further details of the same shall be provided in due course.

2. Acquisition of Stellar Ventures (Private) Limited

Further, On October 3, 2022, the Board resolved, *inter alia*, to acquire 100% (one hundred percent) shareholding of Stellar Ventures (Private) Limited ("**SVPL**") from Universal Ventures (Private) Limited (a related party of the Company) at a valuation to be determined and negotiated on an arm's length basis by the Company, which would be adjusted against the Company's receivable balance due from UVPL, subject to valuation and obtaining shareholder approval.

Pursuant to the above, upon carrying out such valuation and negotiations, at the Board Meeting, the Board provided their approval for the acquisition of 100% (one hundred percent) of the issued and paid up share capital of SVPL (being an associated company of the Company) for an aggregate price of PKR 3,750,407,053/- (Pak Rupees Three Billion Seven Hundred Fifty Million Four Hundred Seven Thousand Fifty Three), which amount shall be adjusted against a part of the Company's receivable balance due from UVPL, subject to obtaining necessary corporate and regulatory approvals, including the approval of the shareholders of the Company under Section 199 of the Companies Act, 2017.




Additionally, the Board resolved to authorize the persons to take all necessary steps with respect to the said transaction, including to call an extraordinary general meeting of the shareholders of the Company for the purpose of, *inter alia*, obtaining the approval of the shareholders for such acquisition. Further details of the same shall be provided in due course.

3. Declaration of Right Shares

Furthermore, at the Board Meeting, the Board of Directors of the Company have decided to increase the paid-up share capital of the Company by issue of a further 121,428,571 (One Hundred Twenty One Million Four Hundred Twenty Eight Thousand Five Hundred Seventy One) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in the proportion of approximately 31.1302746 Right Shares for every 100 ordinary shares held i.e. approximately 31.1302746%, at a price of PKR 35/- (Pak Rupees Thirty Five) per Right Share (inclusive of a premium of PKR 25/- (Pak Rupees Twenty Five) per Right Share).

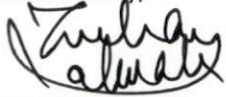
The dates of closure of the Share Transfer Books of the Company, to determine the entitlement of Right Shares, will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

Following details are enclosed:

1. Certified true copy of the Extract of the Resolutions with respect to the Right Issue passed by the Board of Directors of the Company at the Board Meeting (**Annexure A**)
2. 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, justification for issue of shares at premium and minimum subscription amount (**Annexure B**).
3. Draft copy of the notice of the Right Issue to the Shareholders prior to its publication in the newspapers (**Annexure C**).

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

Yours Sincerely,



Zubair Razzak Palwala
Director & Company Secretary



Enclosed: As Above

Copy 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

**Extract of the Resolutions passed by the Board of Directors of
The Searle Company Limited (the "Company") at its meeting held on Thursday, May 25, 2023
at 3rd Floor, One IBL Centre, Shahrah-e-Faisal, Karachi (and through videoconferencing).**

A meeting of the Board of Directors of the Company was held at 12:00 p.m. on Thursday, May 25, 2023 at 3rd Floor, One IBL Centre, Shahrah-e-Faisal, Karachi (including through videoconferencing).

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 (the "**Companies Act**") and the Companies (Further Issue of Shares) Regulations, 2020 (the "**Regulations**") have been considered by the Board of Directors of the Company and shall be duly complied with by the Company.

For the purposes of the right issue, the management has received confirmations from the substantial shareholder and all the directors of the Company that they will (i) subscribe to the right shares offered to them (or shall arrange for the subscription thereof) at least 3 (three) working days before the commencement of trading; and (ii) ensure that the balance of the right issue i.e. other than the portion subscribed by the substantial shareholder and directors, will be adequately underwritten in accordance with applicable laws. The substantial shareholder and directors of the Company shall issue the requisite undertakings in such respect.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from PKR 3,900,658,530/- (Pak Rupees Three Billion Nine Hundred Million Six Hundred Fifty Eight Thousand Five Hundred Thirty) to PKR 5,114,944,240/- (Pak Rupees Five Billion One Hundred Fourteen Million Nine Hundred Forty Four Thousand Two Hundred Forty) by issue of a further 121,428,571 (One Hundred Twenty One Million Four Hundred Twenty Eight Thousand Five Hundred Seventy 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 and all applicable laws, at a price of PKR 35/- (Pak Rupees Thirty Five) per share (i.e. inclusive of a premium of PKR 25/- (Pak Rupees Twenty Five) per share), in the ratio of approximately 31.1302746 right shares for every 100 ordinary shares of PKR 10/- (Pak Rupees Ten) each held immediately prior to the book closure date (i.e. 31.1302746%), against payment to the Company of the price for 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 same to the Company and its shareholders, the risk factors associated with the Right Issue, the justification for the issue of shares at a premium, and the minimum subscription amount, in accordance with Regulation 3(1)(iii) of the Regulations:

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

The quantum of the Right Issue is approximately 31.1302746% of the existing paid-up capital of the Company i.e. approximately 31.302746; right shares for every 100 ordinary shares held



by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

(b) Right Issue Size

The Company shall issue 121,428,571 (One Hundred Twenty One Million Four Hundred Twenty Eight Thousand Five Hundred Seventy One) ordinary shares, at a price of PKR 35/- (Pak Rupees Thirty Five) per share, aggregating to PKR 4,249,999,985/- (Pak Rupees Four Billion Two Hundred Forty Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Eighty Five).

(c) Right Issue Price

PKR 35/- (Pak Rupees Thirty Five) per share (i.e. inclusive of a premium of PKR 25/- (Pak Rupees Twenty Five) per share).

(d) Purpose of the Right Issue

The purpose of the Right Issue is to expand the Company's portfolio by enabling it to invest in, by acquiring shares of, an associated company i.e. Searle IV Solutions (Private) Limited (subject to obtaining necessary corporate approvals), as well as to reduce current debt levels and favourably improve its capital structure by reducing leverage in an increasing interest rate environment, and, consequentially, improve the Company's profitability and financial ratios which is expected to increase shareholder return.

(e) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be utilized towards funding the acquisition cost of 100% (one hundred percent) shareholding of the Company's associated company i.e. Searle IV Solutions (Private) Limited (subject to obtaining necessary approvals), including repaying any financing availed for such acquisition. Additionally proceeds from the Right Issue will be utilized to reduce / repay a certain portion of the Company's current borrowings.

(f) Benefits to the Company and Shareholders

The subscription amount from the Right Issue which is intended to be utilized for the acquisition of Searle IV Solutions (Private) Limited will enable the Company to expand its portfolio / business by entering into the field of IV solutions, thus augmenting its existing operations and activities. Furthermore, with respect to the funds to be utilized for reducing a certain portion of the Company's current debt, considering the existing environment where interest rates have significantly increased, lesser amounts shall be utilized toward debt and mark-up servicing, which will also enable the Company to maintain a better level of debt and potentially utilize funds for other purposes, including distribution. Subject to adverse impacts which may arise due to a decline in the economic situation and / or other factors beyond the reasonable control of the Company, the above is expected to improve the Company's credentials, generate additional revenue and result in enhanced overall profitability of the Company; which in consequence would benefit the shareholders.




(g) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholder and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue will be underwritten in accordance with the applicable laws. Normal risks associated with the business will remain; however, the Company believes that it is well placed in the market with a proven track record, which will help to mitigate such risk factors.

(h) Justification for Issue of Shares at Premium

The Right Issue is being carried out at a premium. Considering the current market price of the Company, the premium charged over the par value is justified and is in line with market practice, in fact the same constitutes a 34.14% discount on the last 3 months average trading share price.

(i) Minimum Subscription Amount

None.

FURTHER RESOLVED THAT the letter of offer, as prescribed under Section 83(2) of the Companies Act, shall be issued / signed by any 2 directors of the Company in compliance with the applicable laws.

FURTHER RESOLVED THAT that Mr. S. Nadeem Ahmed – Chief Executive Officer and Mr. Zubair Razzak Palwala - Director, be and are hereby authorized by all the directors of the Company, to sign the circular accompanying the letter of offer, once finalized in accordance with the procedure stipulated under the Regulations.

FURTHER RESOLVED THAT all fractional entitlements, if any, 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 ("PSX"), the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in proportion to their respective entitlements as per the Regulations.

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

FURTHER RESOLVED THAT the Chief Executive and / or Company Secretary and / or the Chief Financial Officer, be and are hereby severally authorized to prepare finalize the draft offer document / letter and share it with the Securities and Exchange Commission of Pakistan ("SECP") and PSX, and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Regulations, along with preparing and submitting other necessary documents in this respect. While the draft offer letter shall be placed on the PSX, public comments on the same shall not be required to be solicited.

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FURTHER RESOLVED THAT the Chief Executive and / or Company Secretary and / or the Chief Financial Officer, be and are hereby severally authorized, such that any one of them may do all or any of the following for and on behalf, and in the name, 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 (and amend) book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the SECP, 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 / body;
- (iii) to decide and announce the closure of the share transfer books of the Company, including the dates thereof, to determine entitlements of the shareholders of the Company with respect to the Right Issue;
- (iv) to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of rights shares;
- (v) to credit right shares, once allotted by the Board, and file returns / documents as required by SECP / PSX / CDC along with the auditor's certificates; and
- (vi) to take all other necessary steps, and do all other acts, deeds and things, to prepare / finalize the offer letter / document, 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 3rd Floor, One IBL Centre, Shahrah-e-Faisal, Karachi (and through videoconferencing) on May 25, 2023.



Company Secretary
May 25, 2023



6

THE SEARLE COMPANY LIMITED

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

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

The quantum of the Right Issue is approximately 31.1302746% of the existing paid-up capital of the Company i.e. approximately 31.1302746 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

(b) Right Issue Size

The Company shall issue 121,428,571 (One Hundred Twenty One Million Four Hundred Twenty Eight Thousand Five Hundred Seventy One) ordinary shares, at a price of PKR 35/- (Pak Rupees Thirty Five) per share, aggregating to PKR 4,249,999,985/- (Pak Rupees Four Billion Two Hundred Forty Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Eighty Five).

(c) Right Issue Price

PKR 35/- (Pak Rupees Thirty Five) per share (i.e. inclusive of a premium of PKR 25/- (Pak Rupees Twenty Five) per share).

(d) Purpose of the Right Issue

The purpose of the Right Issue is to expand the Company's portfolio by enabling it to invest in, by acquiring shares of, an associated company i.e. Searle IV Solutions (Private) Limited (subject to obtaining necessary corporate approvals), as well as to reduce current debt levels and favourably improve its capital structure by reducing leverage in an increasing interest rate environment, and, consequentially, improve the Company's profitability and financial ratios which is expected to increase shareholder return.

(e) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be utilized towards funding the acquisition cost of 100% (one hundred percent) shareholding of the Company's associated company i.e. Searle IV Solutions (Private) Limited (subject to obtaining necessary approvals), including repaying any financing availed for such acquisition. Additionally proceeds from the Right Issue will be utilized to reduce / repay a certain portion of the Company's current borrowings.



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The subscription amount from the Right Issue which is intended to be utilized for the acquisition of Searle IV Solutions (Private) Limited will enable the Company to expand its portfolio / business by entering into the field of IV solutions, thus augmenting its existing operations and activities. Furthermore, with respect to the funds to be utilized for reducing a certain portion of the Company's current debt, considering the existing environment where interest rates have significantly increased, lesser amounts shall be utilized toward debt and mark-up servicing, which will also enable the Company to maintain a better level of debt and potentially utilize funds for other purposes, including distribution. Subject to adverse impacts which may arise due to a decline in the economic situation and / or other factors beyond the reasonable control of the Company, the above is expected to improve the Company's credentials, generate additional revenue and result in enhanced overall profitability of the Company; which in consequence would benefit the shareholders.

(g) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholder and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue will be underwritten in accordance with the applicable laws. Normal risks associated with the business will remain; however, the Company believes that it is well placed in the market with a proven track record, which will help to mitigate such risk factors.

(h) Justification for Issue of Shares at Premium

The Right Issue is being carried out at a premium. Considering the current market price of the Company, the premium charged over the par value is justified and is in line with market practice, in fact the same constitutes a 34.14% discount on the last 3 months average trading share price.

(i) Minimum Subscription Amount

None.



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The Searle Company Limited

Notice of Right Issue

Members are hereby notified that the Board of Directors of The Searle Company Limited (the "Company") in their meeting held on May 25, 2023 has decided to issue further capital by offering 121,428,571 (One Hundred Twenty One Million Four Hundred Twenty Eight Thousand Five Hundred Seventy One) ordinary right shares of PKR 10/- (Pak Rupees Ten) each, in the proportion of approximately 31.130274 right shares for every 100 shares held (i.e. 31.1302746%), at a price of PKR 35/- (Pak Rupees Thirty Five) per share (inclusive of a premium of PKR 25/- (Pak Rupees Twenty Five) 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 existing ordinary shares of the Company.

The dates of closure of the Share Transfer Books of the Company, to determine the entitlement of Right Shares, will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

6

