



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

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***Before Tahir Mahmood,
Executive Director (Enforcement)***

***In the matter of
Searle Pakistan Limited***

Number and date of show cause notice EMD/233/510/2002/818 dated August 08, 2007

Date of hearing September 7, 2007

Present: Mr. S.M. Nasir Raza (Director, Mehmood Idrees
Qamar & Co; Chartered Accountants)

DIRECTION

**Under Sub-Section (1) of Section 472 read with Sub-Section (3) of Section 206
of the Companies Ordinance, 1984**

This Order will dispose of the proceedings initiated against Searle Pakistan Limited (hereinafter referred to as "Searle") and its Chief Executive under the provisions of Section 472 of the Companies Ordinance, 1984 (hereinafter referred to as "the Ordinance").

2. Searle was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Searle was converted to a public limited company having authorized capital of Rs.500 million divided into 50 million ordinary shares of Rs.10 each and paid up capital of Rs.220.099 million divided into 22.009 million ordinary shares of Rs.10 each as per its audited financial statements for the year ended June 30, 2006. Searle is listed on the Karachi and Islamabad Stock Exchanges in Pakistan since 1993 and is engaged in the business of manufacture of pharmaceutical products and low calorie sweetener, sale of food and consumer items and manufacture of pharmaceutical items for other companies.

3. The brief facts of the case are that while reviewing the distribution agreement dated July 01, 2005 between Searle and the International Brands (Pvt.) Limited (the "IBL"), it has been observed that IBL has been appointed as exclusive distributor of the Searle in the territory comprising of the geographical limits of Pakistan for sale and distribution of pharmaceutical and non-pharmaceutical products. Searle did not obtain approval of the Securities and Exchange Commission of Pakistan (hereinafter referred to as "the Commission") as required under the provisions of Section 206(3) of the Ordinance prior to entering into



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the Distribution Agreement appointing IBL as exclusive distribution agent of the Searle thus violating the provision of Section 206(3) of the Ordinance.

4. In view of the above findings, a notice reference No.EMD/233/510/2002/818 dated August 8, 2007 under the provisions of Sub-Section (1) of Section 472 read with Sub-Section (3) of Section 206 of the Ordinance (“the Notice”) was issued to the then Chief Executive of Searle namely, Mr. Tariq Ismail as to why direction may not be given to Searle to make good the default, by complying with the requirements of Section 206 of the Ordinance.

5. The aforesaid notice was responded by Mohsin Tayebaly & Company on behalf of Chief Executive, vide letter dated August 21, 2007 admitting the violation of the aforesaid provisions of the Ordinance and requested to take a lenient view by condoning the default and grant permission for appointment of IBL as the exclusive distribution agent of Searle in Pakistan for the sale and distribution of all products marketed by the Searle (pharmaceutical and non-pharmaceuticals).

6. A hearing in the matter was held on September 07, 2007 and was attended by authorized representatives namely Mr. S.M. Nasir Raza, Director, Mehmood Idrees Qamar & Co; Chartered Accountants (“the Counsel”). During the course of hearing, the Counsel admitted the default and reiterated the same arguments as were given through written submission in response to this Commission’s notice.

7. I have taken into consideration the submissions made in writing as well as those at the time of hearing and have also perused the relevant legal provisions applicable in this case. The default is established and admitted, therefore, Chief Executive of Searle is hereby directed to file a proper application under Rule 30 of the Companies (General Provisions and Forms) Rules, 1985 to the Commission for appointment of IBL as sole distribution agent under Section 206(3) of the Ordinance within 15 days of the date of this direction.

Tahir Mahmood
Executive Director

Announced
September 24, 2007
Islamabad