

## MIRA INFORM REPORT

<b>Report No. :</b>	521830
<b>Report Date :</b>	26.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	THE SEARLE COMPANY LIMITED
<b>Registered Office :</b>	1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi
<b>Country :</b>	Pakistan
<b>Financials (as on) :</b>	30.06.2017
<b>Date of Incorporation :</b>	October 1965
<b>Com. Reg. No.:</b>	0002161
<b>Legal Form :</b>	Public limited company
<b>Line of Business :</b>	Manufacturing & Marketing of Pharmaceutical Products and a low calorie sweetener and also engaged in the sale of foods and consumer items. The Company also provides services relating to manufacturing of Pharmaceutical Products for other Companies
<b>No. of Employees :</b>	1,883

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

**MIRA's Rating :** A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Slow and delayed
<b>Litigation :</b>	Clear

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**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Pakistan	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

**PAKISTAN - ECONOMIC OVERVIEW**

Decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan. Pakistan has a large English-speaking population, with English-language skills less prevalent outside urban centers. Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half of Pakistan's export earnings; Pakistan's failure to diversify its exports has left the country vulnerable to shifts in world demand. Pakistan's GDP growth has gradually increased since 2012, and was 5.3% in 2017. Official unemployment was 6% in 2017, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Human development continues to lag behind most of the region.

In 2013, Pakistan embarked on a \$6.3 billion IMF Extended Fund Facility, which focused on reducing energy shortages, stabilizing public finances, increasing revenue collection, and improving its balance of payments position. The program concluded in September 2016. Although Pakistan missed several structural reform criteria, it restored macroeconomic stability, improved its credit rating, and boosted growth. The Pakistani rupee has remained relatively stable against the US dollar since 2015, though it declined about 10% between November 2017 and March 2018. Balance of payments concerns have reemerged, however, as a result of a significant increase in imports and weak export and remittance growth.

Pakistan must continue to address several longstanding issues, including expanding investment in education, healthcare, and sanitation; adapting to the effects of climate change and natural disasters; improving the country's business environment; and widening the country's tax base. Given demographic challenges, Pakistan's leadership will be pressed to implement economic reforms, promote further development of the energy sector, and attract foreign investment to support sufficient economic growth necessary to employ its growing and rapidly urbanizing population, much of which is under the age of 25.

In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor" (CPEC) with \$60 billion in investments targeted towards energy and other infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term.

Source : CIA

## **COMPANY NAME**

THE SEARLE COMPANY LIMITED

## **FULL ADDRESS**

Registered Address

1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi, Pakistan

Tel # 92 (21) 35674321 - 35674328 (8 Lines), 32578001 - 32578007  
(7 Lines)

Fax # 92 (21) 35687693, 32564667

## **SHORT DESCRIPTION OF BUSINESS**

- |    |                    |  |
|----|--------------------|--|
| a. | Nature of Business | Manufacturing & Marketing of Pharmaceutical Products and a low calorie sweetener and also engaged in the sale of foods and consumer items. The Company also provides services relating to manufacturing of Pharmaceutical Products for other Companies |
| b. | Year Established   | 1965   |
| c. | Registration #     | 0002161  |

## **FACTORY LOCATION**

(1) F-319, S.I.T.E., Karachi, Pakistan

(2) 32-K.M., Multan Road, Lahore, Pakistan.

## **AUDITORS**

A.F. Ferguson & Co.  
(Chartered Accountants)

## **LEGAL STATUS**

The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in

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October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted at stock exchange of Pakistan

## **DETAILS OF DIRECTORS**

<b>Names</b>	<b>Designation</b>
Mr. Adnan Asdar Ali	Chairman
Mr. Rashid Abdulla	CEO
Mr. S. Nadeem Ahmed	Managing Director
Mr. Husain Lawai	Director
Mr. Zubair Palwala	Director
Mr. Ayaz Abdulla	Director
Mr. Asad Abdulla	Director

## **SHAREHOLDERS**

<b>Categories</b>	<b>Shareholding (%)</b>
Directors, CEO and their spouse and minor children	0.45
Associated Companies, undertakings and related parties	55.73
Executives	---
Public Sector Companies	2.07
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	5.25
Mutual Funds	6.61
General Public	16.94

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Foreign Companies	10.78
Others	2.93

## **ASSOCIATES**

### **A. SUBSIDIARY**

- (1) IBL HealthCare (Private) Limited, Pakistan.
- (2) Searle Pharmaceuticals (Pvt) Limited, Pakistan.
- (3) Searle Laboratories (Pvt) Limited, Pakistan.
- (4) Searle Biosciences (Pvt) Limited, Pakistan.
- (5) IBL Identity (Pvt) Limited, Pakistan.
- (6) Nexter Pharma (Pvt) Limited, Pakistan.

### **B. ASSOCIATED COMPANIES**

- (1) International Brands (Pvt) Limited, Pakistan.
- (2) United Brands Limited, Pakistan.
- (3) Habitt, Pakistan.
- (4) International Franchises (Pvt) Limited, Pakistan.
- (6) UDL Modaraba, Pakistan.
- (7) International Knitwear (Pvt) Limited, Pakistan.
- (8) United Distributors Pakistan Limited, Pakistan.

## **BUSINESS ACTIVITIES**

Manufacturing & Marketing of Pharmaceutical Products and a low calorie sweetener and also engaged in the sale of foods and consumer items. The Company also provides services relating to manufacturing of Pharmaceutical Products for other Companies

## **NUMBER OF EMPLOYEES**

1,883

## **PLANT CAPACITIES & ACTUAL PRODUCTION**

The capacity and production of the Company's plants are indeterminable as these are multi-products and involves various process of manufacturing

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## **ANNUAL SALES VOLUME**

Years	In Pak Rupees
2014	6,071,823,000/-
2015	7,582,470,000/-
2016	9,561,490,000/-
2017	10,753,751,000/-

## **TRADE SUPPLIERS (FOREIGN)**

GD SEARLE, U.S.A.  
SANOFI AVENTIS, U.S.A.  
GRUNENTHAL, GERMANY.  
3M PHARMACEUTICALS, U.S.A.  
FOREST LABORATORIES UK LIMITED. U.K.  
ORION, FINLAND.  
LISA PHARMA, ITALY.  
MEAD JOHNSON & COMPANY, U.S.A.  
INTERSURGICAL LIMITED, U.K.

## **DISTRIBUTORS NETWORK**

Mainly exist at major cities of Pakistan

## **EXPORTING COUNTRIES**

Mainly to Sri Lanka, Sudan, Ethiopia, Kenya, Uganda, Yemen, Bangladesh, Myanmar, Tanzania

## **BANKERS**

- (1) Habib Bank Limited, Pakistan.
- (2) National Bank of Pakistan.
- (3) Soneri Bank Limited, Pakistan.
- (4) Standard Chartered Bank, Pakistan.
- (5) Citibank N.A., Pakistan.
- (6) Habib Metropolitan Bank Limited, Pakistan.
- (7) Faysal Bank Limited, Pakistan.
- (8) Allied Bank Limited, Pakistan.
- (9) Dubai Islami Bank Pakistan Limited, Pakistan.

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## **FUTURE OUTLOOK**

In order to enhance long-term shareholder value and to drive future growth and profitability, Searle has embarked on multiple initiatives both locally & globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments. In Pakistan market, the therapeutic areas which Searle has over the years strengthened include cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics. Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. By acquisition of the state of art facility of Nextar, we anticipate overall profitability to improve substantially as our biosciences venture, is now at the verge of delivering strong results. Further, Searle has also submitted Drug Master File (DMF) to USFDA and received acknowledgment in this regard. This approval will open new avenues of success for domestic and global markets. To address therapeutic areas of Oncology, Virology and Blood related diseases; we have signed agreements with some of the leading Bio-Similar companies of the developed world, which will expedite the progress of our biosciences venture in Pakistan. For the longer run, Searle is focusing on emerging portfolios including, stem cells, bio-engineering, medical devices, nutraceuticals and genome sciences.

## **MEMBERSHIPS**

Pakistan Pharmaceutical Manufacturers Association.  
Karachi Chamber of Commerce & Industry.

## **COMMENTS**

Subject Company enjoys good reputation in Pakistan. Directors of the Company are reported as qualified, experienced and resourceful businessmen. In view of current disturbed economic and political situation, we would advise to deal with all the business in Pakistan with some caution.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.80
UK Pound	1	INR 90.58
Euro	1	INR 80.45
PKR	1	INR 0.53

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	NIY
Report Prepared by :	TRU

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)