

**ORDER SHEET
HIGH COURT OF SINDH AT KARACHI**

J.C. Misc. No. 01 of 2017

DATE ORDER WITH SIGNATURE OF JUDGE

**Present:-
Mr.Justice Muhammad Ali Mazhar**

IGI Insurance Limited and others Petitioners

Date of hearing: 17.11.2017

M/s. Kazim Hasan, Rashid Mahar & Shahan Karimi,
Advocates for the Petitioners.

Mr. Salman Salim Rajan, Law Officer, SECP.

Muhammad Ali Mazhar,J: This petition has been brought under Section 284 read with Sections 285 to 288 of the Companies Ordinance 1984 for the sanction of Scheme of Amalgamation and Scheme of Arrangement.

2. The short and snappy facts are that the petitioner No.1 is engaged in the general insurance services whereas the petitioner No. 2 is public limited company formed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company. The petitioner No. 3 is also a public limited company which is wholly owned subsidiary of petitioner No. 1 which was established for the purpose of vesting in it insurance segment of petitioner No.1 as defined in the Scheme of Arrangement against issuance of shares by petitioner No. 3 in favour of petitioner No. 1 and to carry on the business of general insurance services in the areas of fire, marine, motor, health, travel, engineering, bond and miscellaneous services whereas the petitioner No.4 is a private limited

company wholly owned subsidiary of petitioner No.1 and formed for the purpose of vesting in it investment segment of petitioner No. 1 as defined in the Scheme of Arrangement.

3. The learned counsel for the petitioners argued that the Boards of Directors of petitioners considered various options and unanimously decided the amalgamation of entire undertaking of the petitioner No. 2 with petitioner No.1 and subsequent to the amalgamation, the Board of Directors of petitioner No. 1 agreed to arrangement which has also been approved by the Board of Directors of petitioner Nos. 3 and 4. The learned counsel pointed out the salient features of the approved arrangement as follows:-

- (i) **division of its general insurance segment, inclusive of all assets, rights, liabilities and obligations pertaining thereto (the "Insurance Segment"), and simultaneously transferring to and amalgamating the same with Petitioner No. 3 (IGI General); and**
- (ii) **division of certain investments held by Petitioner No. 1, inclusive of all assets, rights, liabilities and obligations pertaining thereto (the "Investment Segment"), and simultaneously transferring to and amalgamating the same with Petitioner No.4 (IGI Investments),**

4. The learned counsel further pointed out that the amalgamation of the entire undertaking, assets and liabilities of petitioner No. 2 with petitioner No. 1 would be beneficial to the petitioner Nos.1 and 2 and their respective shareholders for the following reasons:

- (a) **IGI Insurance is contemplating overall restructuring of IGI group's financial services businesses. One of the prime desired objective of the proposed restructuring is to create a "financial services holding company" of the group, in line with international practices, which will own subsidiaries as may be feasible for the respective businesses. Such proposed restructuring will, inter alia, involve amalgamation of Petitioner No.2 (IGI Investment Bank) with and into Petitioner No.1 (IGI Insurance). Further, as Petitioner No.2 (IGI Investment Bank) is facing financial difficulties including accumulated losses, non-compliance with applicable minimum equity requirement and non-renewal of its licenses by SECP. Upon completion of the proposed amalgamation of Petitioner**

No.2 (IGI Investment Bank) with and into Petitioner No.1 (IGI Insurance) in accordance with the terms of the Amalgamation Scheme, the merged entity will surrender its NBFC license.

- (b) The amalgamation will facilitate proposed restructuring of IGI group's financial services businesses into a holding company structure with subsidiaries conducting different businesses, which will facilitate operations, management and ownership in a focused/flexible manner.**
- (c) The administrative costs incurred individually by Petitioner No. 1 (IGI Insurance) and Petitioner No. 2 (IGI Investment Bank) will be considerably reduced after amalgamation of IGI Investment Bank with and into IGI Insurance as:**
 - (i) Only a single Board of Directors will be required to manage the affairs.**
 - (ii) Operation and running of the business under one management which would avoid duplication of work. Only one AGM will be required to be held and one set of annual / quarterly accounts will be required to be published and circulated.**
 - (iii) Only one register of shareholders and one set of books and records will be required to be maintained and one set of forms will be filed with the various Corporate / Government / Regulatory Agencies.**
 - (iv) Single assessment for income tax and their filing and record keeping.**
 - (v) Improvement in the administration of personnel affairs of the staff and administrative policies will be uniform.**

5. The learned counsel further demonstrated from the memo of petition that the arrangement of petitioner No. 1 by division of its Insurance Segment and simultaneously transferring to and amalgamating the same with petitioner No. 3 and division of its Investment Segment and simultaneously transferring to and amalgamating the same with petitioner No. 4 would be beneficial for petitioner Nos.1, 3 and 4 and their respective shareholders in the following terms:-

- (a) Demerger of Insurance Segment and Investment Segment into wholly owned subsidiaries of Petitioner No.1 (IGI Insurance), i.e. Petitioner No.3 (IGI General) and Petitioner No.4 (IGI Investments).**
- (b) After the division of Insurance Segment and the Investment Segment, Petitioner No. 1 will be able to focus on acting as a holding company for its shareholdings.**
- (c) The division of Insurance Segment and transfer/amalgamation of the same in Petitioner No. 3 (IGI General) will lead to a clearer positioning, better chances of finding strategic**

alliances, a strengthened senior management, more business-oriented incentives for the management and employees as well as an increase in value for the shareholders.

- (d) **The division of Investment Segment and transfer/amalgamation of the same in Petitioner No.4 (IGI Investments) will allow a more focused approach to investment portfolio which will result in enhancement of the value of such portfolio and consequently benefit the shareholders.**
- (e) **Petitioner No.3 (IGI General) and Petitioner No. 4 (IGI Investments) are presently newly incorporated companies, which after the transfer of the Insurance Segment and the Investment Segment are accomplished, shall carry on business of the general insurance business and investment returns respectively and will, therefore, add value for the shareholders.**
- (f) **The division of Insurance Segment and its transfer/amalgamation into Petitioner No. 3 (IGI General) will help in carrying on the business more economically and provide satisfactory organizational framework conducive to the growth of insurance business.**
- (g) **The Boards of Directors of Petitioner No. 3 (IGI General) and Petitioner No. 4 (IGI Investments) will concentrate wholly in effectively running and managing the affairs of the Insurance Segment and the Investment Segment respectively.**
- (h) **Petitioner No. 3 (IGI General) and Petitioner No. 4 (IGI Investments) are wholly owned subsidiaries of Petitioner No. 1 (IGI Insurance) having common management. As the same team of key management and/or technical personnel of the Insurance Segment and the Investment Segment will continue, there will be no disruption of business activity during the post division/transfer period.**

6. In order to highlight the calculation of swap ratio, the learned counsel referred to Annexure-G, the letter dated October 27, 2016 issued by A.F. Ferguson & Co., Chartered Accountants, showing the net worth of petitioners Nos.1 and 2 and basis of swap ratio. He also pointed out the copies of the Resolutions passed by the Board of Directors of the petitioner Nos.1, 2, 3 and 4 whereby the schemes were sanctioned. It was further averred that no investigation or proceedings are pending against the petitioner Nos.1, 2, 3 or 4 under the Companies Ordinance or any other law. In the closing moments, the learned counsel contended that basically the Scheme of Arrangement envisages demerger of Insurance Division of IGI Insurance and amalgamating the same with and into IGI General and demerger of

certain investments held by IGI Insurance and amalgamating the same with and into IGI Investments in accordance with the Scheme of Arrangement and all remaining assets and liabilities shall be retained by IGI Insurance.

7. The learned counsel for the SECP pointed out the comments of the Additional Registrar in which initially it was avowed that the petitioner No.1 is required to obtain approval from Securities and Exchange Commission of Pakistan under section 67 of Insurance Ordinance, 2000 upon transferring the rights and liabilities of petitioner No.1 to petitioner No.3 and to apply for revocation of its registration as an insurer under section 9 of the Insurance Ordinance, 2000 whereas the petitioner No.3 is also required to obtain license from SECP for insurance business in Pakistan as required under Section 6 of the Insurance Ordinance, 2000. The learned counsel for SECP argued that the license of petitioner No.1 cannot be transferred to petitioner No.3 but the petitioner No.3 is required to apply for a new license under Section 6 of the Insurance Ordinance, 2000.

8. In the beginning, I would like to delve into the nitty-gritties of the Scheme of Amalgamation and Scheme of Arrangement. The objects of Scheme of Amalgamation are provided under Article 2 which reads as under:-

**“ARTICLE 2
CAPITAL AND OBJECT OF SCHEME**

- (a) **IGI Insurance was incorporated on November 02, 1953 as a public limited having authorized share capital of Rs.2,000,000,000/= divided into 200,000,000/- ordinary shares of Rs. 10 each of which 122,689,532 ordinary shares of Rs. 10/-each with an aggregate nominal value of Rs. 1,226,895,320/= are issued and fully paid and the remainder are unissued.**

- (b) IGI Investment Bank was incorporated on February 07, 1990 as a public limited company having an authorized share capital of Rs. 3,000,000,000/= divided into 300,000,000 ordinary shares of Rs.10 each of which 212,102,550 ordinary shares of Rs. 10/- each with an aggregate nominal value of 2,121,025,500/= are issued and fully paid and the remainder are unissued.
- (c) IGI Insurance is contemplating overall restructuring of IGI group's financial services businesses. One of the prime desired objective of the proposed restructuring is to create a "financial services holding company" of the group, in line with international practices, which will own subsidiaries as may be feasible for the respective businesses. Such proposed restructuring will, inter alia, involve amalgamation of IGI Investment Bank with and into IGI Insurance. Further, IGI Investment Bank is facing financial difficulties including accumulated losses, non-compliance with applicable minimum equity requirement and non-renewal of its licenses by SECP. Upon completion of the proposed amalgamation of IGI Investment Bank with and into IGI Insurance in accordance with the terms of this Scheme, the merged entity will surrender its NBFC license.
- (d) The principal object of the Scheme is to effect amalgamation of IGI Investment Bank into IGI Insurance by transfer to and vesting in IGI Insurance of the whole of the undertaking of IGI Investment Bank including all Assets and Liabilities of IGI Investment Bank at the Effective Date, against allotment of fully paid ordinary shares of IGI Insurance to the shareholders of IGI Investment Bank (except IGI Insurance) in lieu of the shares of IGI Investment Bank held by them and dissolve IGI Investment Bank without going into winding up".

Whereas the objects of the Scheme of Arrangement are provided under Article 5 which are as follows:-

**“ARTICLE 5
OBJECT OF THE SCHEME**

The principal object of this Scheme is to provide for the division of IGI Insurance, after completion of amalgamation of IGI Investment Bank Limited with IGI Insurance in terms of the Scheme of Amalgamation, by:

- (i) the separation of the Insurance Segment and the Investment Segment from IGI Insurance;
- (ii) the transfer to, and vesting in IGI General, of the Insurance Segment, against the insurance of ordinary shares of IGI General to IGI Insurance;
- (iii) the transfer to, and vesting in IGI Investments, of the Investment Segment, against the issuance of ordinary shares of IGI Investments to IGI Insurance;
- (iv) the retention of the Retained Undertaking as part of IGI Insurance; and
- (v) change of name of IGI Insurance to IGI Holdings Limited.

9. On 20.1.2017, this court passed the orders on the application moved by the petitioners for holding meetings

of the members and creditors of the petitioners separately. Pursuant to aforesaid orders, the reports along with the resolutions passed in the separate meetings have been submitted. For the ease of reference, the nucleus of resolutions are reproduced as under:-

Resolution passed in the meeting of Creditors of Petitioner No.1

“Resolved that the scheme of amalgamation between IGI Insurance Limited and IGI Investment Bank Limited (Amalgamation Scheme) under Section 284 to 288 of the Companies Ordinance, 1984 (the Ordinance) for the amalgamation of the entire undertaking, assets, entitlements and liabilities IGI Investment Bank Limited with and into IGI Insurance Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.

Further resolved that the scheme of arrangement between IGI Insurance Limited, IGI General Insurance Limited and IGI Investment (Pvt.) Limited (arrangement scheme) under Sections 284 to 288 of the Ordinance prepared in connection with the arrangement of IGI Insurance Limited by : (i) division of its insurance segment, inclusive of all assets, rights, liabilities and obligations pertaining thereto, and simultaneously transferring to and amalgamating the same with IGI General Insurance Limited, and (ii) division of certain investments held by IGI Insurance Limited, inclusive of all assets, rights, liabilities and obligations pertaining thereto and simultaneously transferring to and amalgamating the same with IGI Investments (Pvt) Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.”

Resolution passed in the meeting of Creditors of Petitioner No.2

“Resolved that the scheme of amalgamation between IGI Insurance Limited and IGI Investment Bank Limited (Amalgamation Scheme) under Sections 284 to 288 of the Companies Ordinance, 1984 (the Ordinance) for the amalgamation of the entire undertaking, assets, entitlements and liabilities IGI Investment Bank Limited with and into IGI Insurance Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and are hereby approved, adopted and agreed”.

Resolution passed in the meeting of Members of Petitioner No.1

“Resolved that the scheme of amalgamation between IGI Insurance Limited and IGI Investment Bank Limited (Amalgamation Scheme) under Sections 284 to 288 of the Companies Ordinance, 1984 (the Ordinance) for the amalgamation of the entire undertaking, assets, entitlements and liabilities IGI Investment Bank Limited with and into IGI Insurance Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.

Further resolved that the scheme of arrangement between IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Pvt.) Limited (Arrangement Scheme) under Sections 284 to 288 of the Ordinance prepared in connection with the arrangement of IGI Insurance Limited by : (i) division of its

insurance segment , inclusive of all assets, rights, liabilities and obligations pertaining thereto, and simultaneously transferring to and amalgamating the same with IGI General Insurance Limited; and (ii) division of certain investments held by IGI Insurance Limited, inclusive of all assets, rights, liabilities and obligations pertaining thereto and simultaneously transferring to and amalgamating the same with IGI Investments (Pvt) Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.

Further resolved that Mr.Tahir Masaud, Chief Executive Officer and Mr.Abdul Haseeb, Chief Financial Officer be and are hereby authorized, jointly and/or singly, to submit the Amalgamation Scheme and the Arrangement Scheme as approved by the shareholders, to the Hon'ble High Court of Sindh at Karachi and seek the sanction of the Hon'ble High Court of the Amalgamation Scheme and the Arrangement Scheme to effectuate: (i) the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited; and (ii) the arrangement of IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Private) Limited, in accordance with Section 284 read with Section 287 of the Ordinance.”

Resolution passed in the meeting of Members of Petitioner No.2

“Resolved that the scheme of amalgamation between IGI Insurance Limited and IGI Investment Bank Limited (Amalgamation Scheme) under Sections 284 to 288 of the Companies Ordinance, 1984 (the Ordinance) for the amalgamation of the entire undertaking, assets, entitlements and liabilities IGI Investment Bank Limited with and into IGI Insurance Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.

Further resolved that Syed Raza Hussain Rizvi, Chief Executive Officer and Mr.Khurram Raza Bakhtayari, Director be and are hereby authorized, jointly or singly, to submit the Amalgamation Scheme as approved by the shareholders, to the Hon'ble High Court of Sindh at Karachi and seek the sanction of the Hon'ble High Court of the Amalgamation Scheme to effectuate the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited, in accordance with Section 284 read with Section 287 of the Ordinance.”

Resolution passed in the Meeting of Members of Petitioner No.3

“Resolved that the scheme of arrangement between IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Pvt) Limited (Arrangement Scheme) under Sections 284 to 288 of the Ordinance prepared in connection with the arrangement of IGI Insurance Limited by: (i) division of its insurance segment, inclusive of all assets, rights, liabilities and obligations pertaining thereto, and simultaneously transferring to and amalgamating the same with IGI General Insurance Limited; and (ii) division of certain investments held by IGI Insurance Limited, inclusive of all assets, rights, liabilities and obligations pertaining thereto and simultaneously transferring to and amalgamating the same with IGI Investments (Pvt) Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.

Further resolved that Mr.Fahad Subhan, Director and Mr.Adil Ali Abbasi, Director be and are hereby authorized, jointly or singly, to submit the Arrangement Scheme as approved by the shareholders, to the Hon'ble High Court of Sindh at Karachi and seek sanction of the Hon'ble High Court of the Arrangement Scheme to effectuate

the arrangement of IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Private) Limited in accordance with Section 284 read with Section 287 of the Ordinance.”

Resolution passed in the meeting of Members of Petitioner No.4

“Resolved that the scheme of arrangement between IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Pvt) Limited (Arrangement Scheme) under Sections 284 to 288 of the Ordinance prepared in connection with the arrangement of IGI Insurance Limited by: (i) division of its insurance segment, inclusive of all assets, rights, liabilities and obligations pertaining thereto, and simultaneously transferring to and amalgamating the same with IGI General Insurance Limited; and (ii) division of certain investments held by IGI Insurance Limited, inclusive of all assets, rights, liabilities and obligations pertaining thereto and simultaneously transferring to and amalgamating the same with IGI Investments (Pvt) Limited, considered by this meeting and initialed by the Chairman of this meeting for purpose of identification, be and is hereby approved, adopted and agreed.

Further resolved that Mr.Sajjad Iftikhar, Director and Syed Awais Amjad, Director be and are hereby authorized, jointly or singly, to submit the Arrangement Scheme as approved by the shareholders, to the Hon’ble High Court of Sindh at Karachi and seek sanction of the Hon’ble High Court of the Arrangement Scheme to effectuate the arrangement of IGI Insurance Limited, IGI General Insurance Limited and IGI Investment (Private) Limited in accordance with Section 284 read with Section 287 of the Ordinance”.

10. The Mergers and acquisitions are the businesses in which the ownership of companies or their operating units are conveyed or conjoined which means an amalgamation and integration of two entities into one entity. This represents and epitomizes in accordance with which one company takes over one or more company's assets, rights and obligations as a whole in return for the shareholders of the latter company receiving a consideration in the form of shares in the transferee company whereas demerger connotes and designates some or all of the transferor company's assets, rights and obligations which are to be divided between one or more transferee companies in return for the shareholders in the transferor company receiving consideration in the form of shares in the company. The de-merger is a business stratagem in which a single business is broken into components. This allows a conglomerate to split off

its different varieties to invite or prevent an acquisition, to raise capital by selling off components that are no longer part of the business's fundamental merchandise line or to generate distinct lawful entities to manage diverse managements. It is in fact a method of corporate streamlining and restructuring by dint of which business operations are segregated into one or more components. The demerged company connotes and exemplifies a conglomerate (transferor company) whose undertaking is transferred pursuant to demerger to a resulting company (transferee company) whereas the resulting company (transferee company) means a company to which the undertaking of the demerged company is transferred in a demerger and the resulting company in consideration of such transfer of undertaking issues shares to the shareholders of the demerged company. The transfer pursuant to a scheme of arrangement becomes the property of the resulting company and by virtue of the demerger, all the liabilities relatable to the undertaking, being transferred by the demerged company, immediately before the demerger, become the liabilities of the resulting company. The assets and the liabilities of the undertaking or undertakings being transferred by the demerged company are transferred at values appearing in its books of account immediately before the demerger and the resulting company issues in consideration of the demerger, its shares to the shareholders of the demerged company on a proportionate basis.

11. In the identical matter of **International Complex Projects Limited & another**, reported in **2017 CLD 1468, (authored by me)** I have conversed and delineated that the role and character of the court is reminiscent of

supervisory nature which is also close to judicial review of administrative action. However, in case court finds that the scheme is fraudulent or intended to be cloak to recover the misdeeds of the directors, the court may reject the scheme in the beginning. The court can lift the corporate veil for the purpose of ascertaining the real motive behind the scheme. In the case of Sidhpur Mills Co. Ltd. (AIR 1962 Guj. 305), the learned Judge while pointing out the correct approach for sanctioning of scheme held that the scheme should not be scrutinized in the way a carping critic, a hairsplitting expert, a meticulous accountant or a fastidious counsel would do it, each trying to find out from his professional point of view what loopholes are present in the scheme, what technical mistakes have been committed, what accounting errors have crept in or what legal rights of one or the other sides have or have not been protected but it must be tested from the point of view of an ordinary reasonable shareholder acting in a business-like manner taking with his comprehension and bearing in mind all the circumstances prevailing at the time when the meeting was called upon to consider the scheme in question.

12. Where the scheme is found to be reasonable and fair, at that moment in time it is not the sense of duty or province of the court to supplement or substitute its judgment against the collective wisdom and intellect of the shareholders of the companies involved. Nevertheless, it is the duty of the court to find out and perceive whether all provisions of law and directions of the court have been complied with and when the scheme seems like in the interest of the company as well as in that of its creditors, it should be given effect to. However the court

has to satisfy and reassure the accomplishment of some foremost and rudimentary stipulations that is to say, the meeting was appropriately called together and conducted; the compromise was a real compromise; it was accepted by a competent majority; the majority was acting in good faith and for common advantage of the whole class; what they did was reasonable, prudent and proper; the court should also satisfy itself as to whether the provisions of the statute have been complied with; whether the scheme is reasonable and practical or whether there is any reasonable objection to it; whether the creditors acted honestly and in good faith and had sufficient information; whether the court ought in the public interest to override the decision of the creditors and shareholders. Where all the requisite formalities were complied with including shareholders' approval, the court would not question the commercial wisdom behind the scheme. One of the effects of the sanction of the court is that it becomes binding upon the company and its members including those who voted against the scheme once the scheme of compromise and arrangement is approved by statutory majority it binds the dissenting minority and the company. The court has the power to give effect to all the incidental and ancillary questions in the effort to satisfy itself whether the scheme has the approval of the requisite majority. It is not the function of the court to examine whether there is a scope for better scheme. However, where the court finds that scheme is patently fraudulent, it may not respond or function as mere rubber stamp or post office but reject the scheme of arrangement.

13. In the case of **Miheer H. Mafatlal, Vs. Mafatlal Industries Ltd**, reported in **AIR 1997 Supreme Court**

506, it was held that the court certainly would not act as a court of appeal and sit in judgment over the informed view of the concerned parties to the compromise as the same would be in the realm of corporate and commercial wisdom of the concerned parties. The Court has neither the expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the company who have ratified the Scheme by the requisite majority. Consequently the Company Court's jurisdiction to that extent is peripheral and supervisory and not appellate. The court acts like an umpire in a game of cricket who has to see that both the teams play their game according to the rules and do not overstep the limits. But subject to that how best the game is to be played is left to the players and not to the umpire. The propriety and the merits of the compromise or arrangement have to be judged by the parties who as *sui juris* with their open eyes and fully informed about the pros and cons of the Scheme arrive at their own reasoned judgment and agree to be bound by such compromise or arrangement. The Court cannot, therefore, undertake the exercise of scrutinizing the scheme placed for its sanction with a view to finding out whether a better scheme could have been adopted by the parties. So far as the exchange ratio of equity shareholders and the transferee-company is concerned, the court held that the valuation of shares is a technical and complex problem which can be appropriately left to the consideration of experts in the field of accountancy. Pennington in his 'Principles of the Company Law' mentions four factors which have to be kept in mind in the evaluation of shares: (1) Capital Cover (2) Yield (3) Earning Capacity and (4) Marketability. For arriving at

the fair value of share, three well known methods are applied:

- (1) The manageable profit basis method (the Earnings Per Share Method)
- (2) The net worth method or the book value method, and
- (3) The market value method,"

14. Though the counsel for the S.E.C.P pointed out some objections set forth in the reply for non-transferability of the Insurance License to IGI General Insurance Limited but on 17.11.2017, he put on record a statement of ***Additional Registrar of Companies, In-charge Company Registration Office, Karachi, Securities & Exchange Commission of Pakistan*** which is reproduced as under:

“STATEMENT

It is respectfully submitted for and on behalf of the Securities and Exchange Commission of Pakistan (SECP) that, the SECP has acceded to the request made by IGI Insurance Ltd for reconsidering SECP’s stance on non-transferability of the Insurance License to IGI General Insurance Limited.

In this regard it is submitted that the SECP has no objection if the Hon’ble Court allows transfer of License to new entity on the conditions that the new entity namely: IGI General Insurance Limited will ensure compliance with the Sections 6 and 7 of the Insurance Ordinance, 2000 within 14 days from the date of the Honorable Court’s order allowing the Scheme of Arrangement.

Prayed accordingly”

15. The learned counsel for the petitioners also pointed out a letter of approval conveyed by Director Insurance, S.E.C.P under Section 67 of Insurance Ordinance 2000 subject to fulfillment of requirements under Section 7 of

the said Ordinance by IGI General Insurance Ltd. which is reproduced as under:-

“April 24, 2017

Mr. Abdul Haseeb
Chief Financial Officer
IGI Insurance Limited

**Re: Proposed Group Restructuring of IGI Insurance Limited-
 Application under Section 67 of the Insurance
 Ordinance, 2000**

Dear Sir,

Reference is made to the application letter no. Fin/008/2017 dated March 29, 2017 from IGI Insurance Limited (the “Transferor”) under Section 67 of the Insurance Ordinance, 2000 (the “Ordinance”) for approval transferring all its assets, properties, rights and liabilities of the insurance Segment to IGI General Insurance Limited by the sanction order by the Court in Consideration of 16.5 million shares of Rs. 10 each.

2. In this regard, I am directed to convey that the competent authority has acceded to your request for approval under Section 67 of Ordinance subject to fulfillment of requirements under Section 7 of the Ordinance by IGI General Insurance Ltd. Pertinently, the transfer of assets, properties, rights and liabilities of the Transferor is allowed to a registered Insurer only.

3. Approval conveyed through this letter shall not preclude the necessity of obtaining such approvals required to be obtained under the relevant provisions of other applicable laws.

Sd/-
Tariq Bakhtawar
Director (Insurance)”

16. Being a sanctioning court, I have noticed that all indispensable statutory benchmarks and formalities have been accomplished and adhere to by the petitioners as envisioned under the relevant provisions of Companies Ordinance 1984 and the enabling rules. The schemes set up for sanction have been reinforced and fortified by the requisite majority which decision seems to be just and fair. The report/minutes of meetings unequivocally convey that all essential and fundamental characteristics and attributes of schemes were placed before the voters at the concerned meetings to live up to statutory obligations. The proposed schemes are not found to be violative of any provision of law and or contrary to public

policy but as a whole looks like evenhanded and serviceable from the point of view of prudent men of business taking a commercial decision. Once the requirements of a scheme for getting sanction of the court are found to have been met, the court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval of the scheme.

17. In the wake of foregoing discussion, the Schemes of Amalgamation and Arrangement both are sanctioned as prayed subject to the compliance of Sections 6 and 7 of the Insurance Ordinance, 2000. The petition is disposed of accordingly.

Judge