

IN THE HIGH COURT OF SINDH AT KARACHI

Present:

Mr. Justice Muhammad Shafi Siddiqui

J.C.M. No.02 of 2022

DIN FARM PRODUCTS (PVT) LTD

Date of Hearing: 19.09.2022
Petitioner: Through Mr. Waqas Asad Sheikh, Advocate
On Court notice: Security & Exchange Commissioner of Pakistan through Mr. Saad-ur-Rasheed Abbasi, Law Officer.

J U D G M E N T

Muhammad Shafi Siddiqui, J.- This petition is being filed by the petitioner company under section 89 of Companies Act, 2017 for confirmation of the reduction of paid up capital with the following prayer:

- i. *That the reduction of capital of the petitioner company be confirmed in accordance with Special Resolution set out in paragraph 6 above;'*
- ii. *That the requirement under Section 96 of the Act to publish reasons for reduction or any other information may kindly be dispensed with; and*
- iii. *That such further or other orders may kindly be made in the premises as to the court shall deem fit.*

2. Security & Exchange Commission of Pakistan has responded in terms of its parawise comments.

3. I have heard learned counsel for the petitioner as well as law officer SECP and perused material available on record.

4. The petitioner company is a private limited company and registered under the Companies Ordinance, 1984 (since repealed vide Companies Act, 2017) having incorporation No.(CUIN) 0071251 by SECP, having its object for which the petitioner company was formed to set up the business of corporate agri-farming, cultivation of fodder, dairy farmers, cattle rearers, goat farmers, sheep farmers, poultry farmers, graziers, seedmen & breeding as laid down in the Companies Memorandum of Association. The authorized capital of the company is Rs.750,000,000 divided into 75,000,000 ordinary shares of PKR 10/- each.

Vide Article 11 of the Articles of Association of the company, provides that the company may from time to time by special resolution, reduce its capital in manner permitted by law.

5. It appears that company is having paid up capital which is in excess of its need, hence the company is seeking reduction of paid up capital in accordance with Section 89 of the Companies Act, 2017.

6. In this regard vide Special Resolution of the Company, passed in accordance with Section 2(1)(66) of the Act as a general meeting thereof, held after due notice as provided in the said Act on 21.2.2022 resolved that :

***Resolved** that pursuant to Section 89 of the Companies Act, 2017 and such other applicable provision of the Companies Act, 2017 read with Articles of Association of the Company and subject to the sanctions and approvals of the appropriate authorities as may be required, subject to the confirmation by the Hon`ble Court of Sindh and subject to such terms, conditions or modifications if any, as may be prescribed by such authorities while granting the such approvals, consents or permissions the shareholders hereby approve that the company`s issued and subscribed Equity share capital of Rs.542,374,800/- (consisting of 54237480 Equity shares of Rs.10/- each fully paid) and be reduced to Rs.180,791,600/- (consisting of 18079160 issued, subscribed and paid up Equity shares of 10/- each fully paid up), the amount by which the Equity capital is so reduced being in excess of the requirements of the Company and that such reduction be effected by cancelling and extinguishing 36158320 paid up Equity shares of Rs.10/- each.*

***Resolved further** that for the purpose of giving effect to the above resolution, Mr. Islam Ahmed, the Company Secretary be and is hereby authorized to do all such acts, deeds, matters and things as they may at their absolute discretion deem necessary or desirable for effectively implementation of the resolution and to settle any questions, difficulties or doubts that may arise in this regard as they may in their absolute discretion deem fit.*

7. The reduction of capital does not involve either the diminution of any liability in respect of unpaid capital nor the company have any secured creditors in terms of SECP`s reply.

8. Notice was also issued to Securities & Exchange Commission of Pakistan who did not raise any legal objections..

9. In case for confirmation of resolution of reduced share capital the question for consideration are, should the Court refuse its sanction to the reduction out of regard to the interest of those members of the public who may be induced to take

shares in the company; is the reduction fair and equitable between different classes of shareholders; whether the reduction is shared by all; and is it designed to work justly and equitably and whether it does not involve diminution of the liability in respect of unpaid capital or payment of any shareholder of any paid up capital; and there is evidence regarding loss of capital and non-representation of available assets. None of these impediments exist in the case of the petitioner's company and consequently in view of above proposed reduction in the share capital, as resolved by the company itself, apparently seems to be just, fair and reasonable and not likely to adversely affect the interests of shareholders who have themselves resolved to the approval of this scheme of reduction. The proposal for reduction of share capital is therefore confirmed in terms of the requirements of Companies Act, 2017.

Petition stands disposed of in the above terms.

J U D G E

Karachi;
Dated 19.09.2022