

IN THE HIGH COURT OF SINDH AT KARACHI

BEFORE:
Mr. Justice Muhammad Shafi Siddiqui

J.C.M. No. 12 of 2022

In the matter of
Razaque Steels (Pvt.) Ltd.
And
Razaque Sino (Pvt.) Ltd

Date of Hearing: 02.03.2023

Petitioners: Through Mr. Mikael Azmat Rahim Advocate.

SECP on Court notice: Through Mr. Ibad-ur-Rehman, Law Officer.

J U D G M E N T

Muhammad Shafi Siddiqui, J.- This petition under section 279 read with Sections 280 to 283 and 285(8) of Companies Act, 2017 pertains to merger of petitioner No.2 with petitioner No.1. The purpose of the petition is approval of the scheme of arrangement dated 23.05.2022 attached as Annexure 'C' to the petition. In substance the petitioners have proposed to restructure in terms whereof petitioner No.2 i.e. Razaque Sino (Pvt.) Limited is required to be merged and amalgamated into petitioner No.1 i.e. Razaque Steels (Pvt.) Limited.

2. By virtue of an order dated 31.05.2022, meeting of the creditors of petitioner companies and so also the meeting of member of the petitioner companies was ordered to be held in pursuance of application filed in that regard, and so also advertisement of main petition to be published in official gazette and newspapers, as required under the scheme of Company Court Rules 1997 and Sindh Chief Court Rules (OS). Notice to SECP was also made.

3. The SECP after notice have marked their appearance and have raised some formal objections which Law Officer appearing for SECP has also agitated during the course of his arguments.

4. I have heard learned counsel for petitioners as well as law officer SECP and perused material available on record.

5. In terms of the Scheme of Arrangement entire undertaking and business including assets, rights, properties, benefits, powers privileges, contracts, liabilities, obligations and dues of petitioner No.2 will be transferred to and vested in and assumed by petitioner No.1 against the allotment and issue of shares of petitioner No.1 to shareholders of petitioner No.2. Thus, in terms of Scheme of Arrangement petitioner No.1 will act accordingly whereas petitioner No.2 shall cease to exist without winding up and its shares held by shareholders shall stand cancelled. It is pertinent to note that petitioner No.2 is a subsidiary of petitioner No.1, having 96% of the issued and paid up share capital of petitioner No.2. Its balance shares are also held in equal proportions by Irshad Mowjee and Ms. Farhana Mowjee Khan who are the legal and beneficial owners of 100% issued and paid up share capital of petitioner No.1. Thus, no shares of petitioner No.1 are required to be issued to shareholders of petitioner No.2, on being surrendering shares of the petitioner No.2. Such fact is also deliberated by the Chartered Accountants in their letter of 23.05.2022.

6. The audited financial statements of both petitioners No.1 and 2 for the year ending 30.06.2021 as well as special purpose financial statements for the period from 01.07.2021 and 31.12.2021 are available on record. The Scheme is determined and approved by the respective Board of directors of both the petitioners after considering all the aspects including the values and calculations by the Chartered Accountants.

7. As far as the issues raised in the parawise comments are concerned, which the Law Officer has also agitated during the course of arguments, a perusal of the record reveals that all such objections are

met and even the Law Officer has conceded to it. Hence in substance he has conceded to the Scheme of Arrangement.

8. In view of the above, it appears that the petitioners completed all necessary legal formalities, including holding separate meetings of shareholders and creditors, requisite publication and issuance of notices to the Securities & Exchange Commission of Pakistan. In terms of such meetings of the shareholders and secured creditors to the extent it is applicable and report pertaining to such meetings are available on record and not a single shareholder or secured creditor of any of the two petitioners objected to the scheme. The publication of the instant petition was effected in Daily 'Jang', 'The News' and 'Business Recorder' Karachi, in their issue of 05.07.2022 and was also gazette on 05.10.2022. Reports of the Chairmen in terms of Rule 955 of SCCR and Rule 57 of Companies (Court) Rules, 1997 are also available on Record in terms whereof meetings of the members and secured creditors of petitioner No.1 were held wherein no objection of whatsoever nature has been raised whereas petitioner No.2 has no secured creditors.

9. In view of the above, I do not see any impediment in granting this petition, which is accordingly allowed as prayed.

Dated: 02.03.2023

Judge