

ORDER SHEET  
**IN THE HIGH COURT OF SINDH AT KARACHI**  
**J. C. M. No. 15 / 2018**

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DATE

ORDER WITH SIGNATURE OF JUDGE

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For hearing of main Petition

**31.01.2019.**

Mr. Ch. Tanveer Amjad Advocate for Petitioner.  
Mr. Saad Abbasi Advocate for SECP.

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This is a Petition under Section 89, 92 and 93 of the Companies Act, 2017, seeking confirmation and approval of reduction of Share Capital of the Petitioner Company. The Company was initially incorporated on 21.10.1991 under the then Companies Ordinance, 1984, with the name of Mundia Textile (Pvt.) Limited. As to the working of the Company and its compliance in respect of the Companies Act, 2017, there appears to be no issue, as all necessary documents to that effect have been annexed.

Upon filing of this JCM, notice of main Petition in terms of Rule 76 read with Rule 19 of the Companies Ordinance (Court) Rules 1997 has been published in daily "Jang" and daily "The News" on 03.07.2018. Para wise comments have also been filed on behalf of SECP, wherein, no objection has been raised. Publication in Gazette of Pakistan dated 80.08.2018 has also been made, whereas, no objection has been received from any quarter.

The Petitioner Company was earlier incorporated with an authorized capital of Rs. 20,000,000 /- divided into 2,000,000/- Ordinary Shares of Rs.10 each. Whereas, paid up capital of the Company was Rs. 83,55,000/- divided into 835,500/- ordinary shares of Rs.10 each. After its incorporation the Petitioner Company commenced business in Pakistan and is still carrying on business till date. The Petitioner company is seeking to reduce its paid up share capital since, due to reduce operational activities, the company does not need such a substantial paid up share capital to effectively execute its operations and the proposed reduction in the paid up share will not adversely affect the company's operations. The proposed reduction of paid up capital is being done inasmuch as it is not being utilized and is

surplus to the requirements of the company. The Memorandum and Articles of Association of the Company permits such reduction of Share Capital, more specifically in Article 23 of the Articles of Association it has been provided that the Company may, by special resolution, reduce its share capital in any manner and with, and subject to, any incident authorized and consent required by law. For such purposes the Company has passed a Special Resolution in its Extra Ordinary Meeting held on 30.04.2018 for reduction of the paid up capital to the extent of Rs. 7,000,000/- (Rupees Seventy Lac) divided into 700,000/- (Seven Lac), Ordinary share of Rs.10 each. However, the Petitioner is required to complete necessary formalities including Form 26.

In view of hereinabove facts and circumstances, and for the reason that all necessary compliance has been made, whereas, despite publication none has objected, including SECP, and even otherwise, such reduction of share capital is a domestic matter, and so long as it is not affecting the creditors or shareholders, there is no impediment in granting the reduction in shares capital, as above. The same is allowed by granting this Petition accordingly. The Petitioner shall make necessary compliance in accordance with the relevant provisions of the Companies Act for recording of such share reduction by approaching SECP.

**J U D G E**

ARSHAD/