

ORDER SHEET  
**IN THE HIGH COURT OF SINDH AT KARACHI**  
**J. C. M. NO. 12 / 2017**

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DATE

ORDER WITH SIGNATURE OF JUDGE

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For hearing of Main Petition.

**14.02.2019**

Mr. Sikandar Khan Advocate for Petitioner.  
Mr. Syed Abbas Advocate for SECP.

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This is a Petition under Section 97, 98 and 101 of the Companies Act, 2017, seeking confirmation and approval of reduction of Share Capital of the Petitioner Company. The Company was initially incorporated on 24.03.2006 under the then Companies Ordinance, 1984, with the name of Z. A. Ghaffar Securities (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" dated 24.08.2017 and daily "The News" on 23.08.2017. Para wise comments have also been filed on behalf of SECP, wherein, two objections has been raised regarding submission of unaudited accounts and NOC of Pakistan Stock Exchange, which has been complied with by filing NOC dated 11.10.2017 through Statement dated 23.11.2018. Publication in Gazette of Pakistan dated 20.09.2017 has also been made, whereas, no objection has been received from any quarter. Today SECP has also given its No objection to the grant of this petition.

The Petitioner Company was earlier incorporated with an authorized capital of Rs. 100,000,000 /- divided into 10,000,000/- Ordinary Shares of Rs.10 each. Whereas, paid up capital of the Company was Rs. 96,200,000/- divided into 96,20,000/- ordinary shares of Rs.10 each. At the relevant time, Company acquired membership card of Karachi Stock Exchange Ltd. and commenced

brokerage business at Stock Exchange; and thereafter, due to demutualization of Stock Exchange, the company has been issued Trading Right Entitlement Certificates (stock broking license) and shares of Karachi Stock Exchange Ltd. in lieu of membership card. 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 its paid up share capital will not adversely affect the company's operation but in fact would help to stream line the company's operations. The Memorandum and Articles of Association of the Company permits such reduction of Share Capital, more specifically in Article 24 of the Memorandum 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 08.05.2017 for reduction of the paid up capital from existing to Rs. 56,200,000/- (Rupees Fifty Six Million two hundred thousand only) divided into 56,20,000/- (Five Million six hundred twenty thousand), Ordinary share of Rs.10 each. However, the Petitioner is required to complete necessary formalities.

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/