

IN THE HIGH COURT OF SINDH AT KARACHI

J.C.M 32/2020

Presented on

23/11/2020

1. Mrs. Sadia Zain
w/o Zain
House No.42-J/1
Block 6, PECHS
Karachi

2. Muhammad Yousuf Ahmed
s/o Ahmed Umer
House No.42-J
Block 6, PECHS
Karachi

3. Artistic Properties (Pvt) Ltd
Having its registered address at
House No.42-J/1
Block 6, PECHS
Karachi

.....PETITIONERS

Versus

1. Artistic Denim Mills Limited
Having its registered address at
Plot No.5-9,23-26, Sector 16
Korangi Industrial Area
Karachi
2. Securities Exchange Commission Pakistan
Through Its Chairman
State Life Building No.2, Wallace Road
Karachi and at NIC Building, 63 Jinnah Ave,
Blue Area, Islamabad,

.....RESPONDENT

PETITION UNDER SECTION 136 OF THE COMPANIES ACT, 2017



ORDER SHEET
THE HIGH COURT OF SINDH AT KARACHI

JCM No.32 of 2020

Date Order with Signature(s) of Judge(s)

1. For order on CMA No. 235/2020.
2. For order on CMA No. 236/2020.
3. For order on CMA No. 237/2020.
4. For order on main petition.

26.11.2020

M/s. Abid S. Zuberi alongwith Mr. Ayan Mustafa Memon
Advocate for the petitioners.

x-x-x-x-x

1. Urgent application is granted.
2. Exemption granted subject to all just exceptions.
- 3-4. Per learned counsel for the petitioners, petitioners are minority shareholders of the Respondent No.1 company. Petitioners collectively hold 11,250,600 shares of the Respondent company amounting to aggregate of 13.4% of the total paid up capital. Learned counsel for the petitioners contends that the mismanagement and operation of the Respondent Company have been impugned by the petitioners before this Court in JM No.29 of 2017 under Section 286 of the Companies, Act 2017, the same is pending adjudication before this Court and is fixed on 08.12.2020. Learned counsel for the petitioners further states that the Respondent Company has filed Suit No.1506 of 2019, whereby majority shareholders obtained an ad-interim order from conducting an investigation into the affairs of the Respondent. Per learned counsel for the petitioners on 24.10.2020 the Respondent Company held the 28th Annual General Meeting online via "Zoom". The shareholder were not allowed to attend the meeting in person and the entire proceedings of the AGM were carried out online.

Learned counsel for the petitioners urged that the impugned



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decision in the AGM of the Respondent Company were passed in oppressive manner and there were blatant irregularities in the proceedings of the meeting which prevented the petitioners from effectively exercising their legal rights. Learned counsel for the petitioners further states that the Administrator of the Zoom Link, sitting in the Registered Office of the Respondent Company at the behest of the CEO of the Respondent Company, controlled the entire conduct of the AGM to provide advantage of the majority shareholders of the Respondent Company. Learned counsel for the petitioner submits that the petitioners attempted to ask very crucial question regarding the affairs and financial statement of the Respondent company as the petitioners found unfathomable to authorize such comprehensive transaction in a hasty manner. Per learned counsel for the petitioners in the AGM meeting an attempt was made to increase the authorized share capital from one billion to five billion by creation of 400 million Ordinary shares of Rs.10 each and there is no valid justification for increasing for the authorized share capital by creating increase the new shares. Learned counsel for the petitioners urged that the petitioners were being denied valuable information regarding the financial statements which the majority shareholders attempted to authorize in a hurry, thereby denying the rights of the petitioners under the Companies Act, 2017. Learned counsel for the petitioners submits that none of the agenda items were put to vote thereby effectively infringing the petitioners right guaranteed under Section 137(7a) of the Companies Act, 2017. Learned counsel for the petitioners contends that no meaningful discussion and deliberation was held on the subject agenda, whereby the Respondent Company majority shareholders are attempting to authorize their wrong doings in a cunning manner.



Points raised by the learned counsel for the petitioners require consideration. Issue: notices to the Respondents. Till the next date of hearing, the decision for increasing / enhancing the authorized share capital from PKR Rs.1 billion to PKR 5 billion by creation of 400 million new share of the Respondent Company shall remain suspended.

Let this suit is to be fixed alongwith JM No.29 of 2017 on

08.12.2020.

~~XXXXXXXXXX~~

JUDGE

Shahbaz/PA



Sd/- Syed Hassan Agwan Rizvi
Judge

THE HIGH COURT OF SINDH, KARACHI
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