

Form No: HCJD/C-121

ORDER SHEET
IN THE LAHORE HIGH COURT
LAHORE.
JUDICIAL DEPARTMENT

For Private Use
09/12/24
Examiner
Copy Section
Lahore High Court, Lahore

C.O.No.75382/2024

Digital Custodian Company etc

Vs. The SECP

S. No. of order/proceeding	Date of order/proceeding	Order with signature of Judge, and that of parties or counsel, where necessary.
----------------------------	--------------------------	---

02.12.2024. M/S Barrister Asadullah Chattha and Musa Hayat Tarar, Advocates for the petitioners.

This is a joint application under section 279 read with sections 280 to 283 and 285(8) and all others enabling provisions of the Companies Act, 2017 (Act) read with SRO No.840(I)/2017 dated 24.8.2017 and all other enabling provisions of law for sanction of the Scheme of Compromises, Arrangements and Reconstruction (scheme of arrangement proposed) between petitioner No.1 and petitioner No.2.

2. According to scheme of arrangement proposed, the Scheme includes the reconstitution/reconstruction of the share capital and reserves of the petitioners, the transfer of the specific portions/designated liabilities of the Business and Undertaking of the above titled petitioner No.2 into the petitioner No.1, the distribution of the designated assets of petitioner No.1 to its 16 shareholders and that of petitioner No.2 to its 2993 shareholders, consequent to which petitioner No.1 shall stand listed on Pakistan Stock Exchange.

3. Under section 279(1) of the Act read with Rules 55 and 61 of the Companies (Court) Rules, 1997 (Rules), the petitioners are directed to hold Extra Ordinary Meetings within the month of December, 2024.

K

TRUE COPY

C.O. No.
Examiner (Commercial Branch)
Lahore High Court, Lahore

4. M/s Salah Umer Awan, Advocate Cell No.0336-0333534 and Barrister Kamal Ali Khan Kharal, Advocate Cell No.0321-4000555 are appointed as Chairmen for the aforesaid meetings. The petitioners are directed to issue notices of the said meetings through public advertisement in two national newspapers namely "Daily Nawa-e-Waqt" and "Dawn" besides fulfilling other statutory formalities for holding extra ordinary general meetings under the law. The Chairmen shall submit their report to the Court within seven days of the holding of the meetings.

5. Office is directed that once report of the Chairmen is filed, notices in the main petition be issued through proclamation in the newspaper namely "Daily Dawn", "Business Recorder" and "Daily Jang" under Rule 61 of the Companies (Court) Rules, 1997, at the expenses of the petitioners regarding the hearing of the petition on 14.1.2025.

6. In addition to the above proclamation, notices shall also be issued for 14.1.2025 to the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan, Islamabad and the creditors of the petitioners.

7. With consent of learned counsel for the petitioners, the Chairmen/Local Commission shall be paid a fee in the sum of Rs.300,000/- each for conducting the above meetings and filing of the consolidated report before this Court before the next date of hearing.

sd.

(ABID AZIZ SHEIKH)
JUDGE.

Rizwan
Rizwan

TRUE COPY
C.O. No. *75382*
Examiner: JIS Commercial Branch)
Lahore High Court, Lahore

Examiner Copy Supply Section
Authorized under Article 87 of
Qanun-e-Shariat Order 19

-1-

IN THE LAHORE HIGH COURT, LAHORE
(Company Jurisdiction)

Private Use
04/12/24
Examiner
Copy Supply Section
Lahore High Court, Lahore

Civil Original No. 75382 of 2024

In the matter of:

1. **M/s. Digital Custodian Company Limited,**
having its registered office at
The Exchange Hub, LSE Plaza,
19-Kashmir Egerton Road, Lahore
through its Company Secretary

2. **M/s. LSE Financial Services Limited,**
having its registered office
The Exchange Hub, LSE Plaza,
19-Kashmir Egerton Road, Lahore
through its Company Secretary.

.....PETITIONERS

VERSUS

The Securities & Exchange Commission of Pakistan (SECP) through its Registrar,
Egerton Road, Lahore.

.....RESPONDENT

TRUE COPY
C.O. No.
Examiner: J. M. Commercial Branch
Lahore High Court, Lahore

**PETITION UNDER SECTION 279 READ WITH SECTIONS 280 TO 283
AND 285(8) AND ALL OTHERS ENABLING PROVISIONS OF THE
COMPANIES ACT, 2017**

Respectfully sheweth: -

1. That the instant petition is being filed through the authorized representatives of petitioner No.1 & authorized representative of petitioner No.2.
2. That the above-named Petitioners most respectfully submit this petition under the Companies Act, 2017, seeking the Hon'ble Court's sanction of a Scheme of Compromise, Arrangement and Reconstruction ("Scheme") under Sections 280-283 and 285(8) of Companies Act, 2017, read with the Government of Pakistan, Finance Division's notification bearing S.R.O. 840(1)/2017 (*hereinafter referred to as "SRO"*).
3. That specifically, the Scheme includes the reconstitution/reconstruction of the share capital and reserves of the Petitioners, the transfer of the specific portions/designated liabilities of the Business and Undertaking of the above titled Petitioner No. 2 into the Petitioner No. 1, the distribution of the designated assets of Petitioner No. 1 to its 16 shareholders and that of Petitioner No. 2 to its 2993 shareholders, consequent to which Petitioner No. 1 shall stand listed on Pakistan Stock Exchange (PSX), after consideration of the following brief facts and reasons, otherwise described fully in the Scheme: -

BACKGROUND OF PETITIONER NO. 1

- (i) That Petitioner No. 1, was incorporated on February 12th, 1992 as a private limited company and later converted to an unlisted public limited company in 2009.

Certified copies of the Certificate of Incorporation of Petitioner No. 1 on the change of name and certificate of conversion from private limited company to a public company is annexed as Annexure-"A/1". Certified copy of the Memorandum of Association and Articles of Association of Petitioner No.1 are annexed as Annexure-"A/2".

ATTESTED
Copy Examiner Section
Lahore High Court, Lahore

- (ii) That the primary functions of Petitioner No. 1 include to act as a trustee for the collective investment and pension schemes, real estate investment trusts, besides providing custodian services to the closed end schemes, and serving as a share registrar.
- (iii) That the Petitioner No.1 is not an NBFC but is required to meet the eligibility requirements of Circular No. 4 of 2022 of SECP.
- (iv) That the financial position of Petitioner No. 1, based on its audited financial statements as of June 30th, 2024, is as follows: -

(Amount in Rs. 000)

Total Assets: 630,646/-

Non-current assets: 606,554/- (comprising property and equipment, intangible assets, investment in LSE Capital Ltd investment in LSE Financial Services Ltd., long-term deposits).

Current assets: 24,091/- (comprising Trade and other receivables, short-term investments/ Financial assets, advances and prepayments, tax refunds due from government-net, and cash and bank balances).

Total Equity and liabilities: 630,646/- (comprising total equity, lease liabilities, deferred tax liability, trade and other payables, and current portion of lease liabilities).

Copy of the Annual Report / Audited Financial Statements for the Year Ended June 30, 2024, of Petitioner No. 1, is annexed as Annexure "B".

BACKGROUND OF PETITIONER NO. 2

- (i) That Petitioner No. 2 is a public company listed on Pakistan Stock Exchange (PSX).
- (ii) That consequent to the approved scheme of integration of the stock exchanges sanctioned by the Securities and Exchange Commission of Pakistan on January 11, 2016, Petitioner No. 2 ceased its stock exchange operations and

ATTESTED
Examiner
Copy Section
Lahore High Court, Lahore

was granted the license to operate as an NBFC and offer investment finance services under the name of LSE Financial Services Limited.

Certified copy of the Certificate of Incorporation of Petitioner No.2 is annexed as Annexure "C/1". Certified copy of the Memorandum of Association and Articles of Association of Petitioner No.2 are annexed as Annexure-"C/2".

- (iii) That the shareholders of Petitioner No. 2 have now deemed the NBFC functions as no more feasible and have resolved in their AGM held on November 27th, 2024, to relinquish the NBFC status. Furthermore, they also decided to rename the company to LSE Enterprises Limited, pending necessary formalities. Petitioner No. 2 has also filed Form 26 evidencing the passage of the relevant special resolutions, besides the submission of Form 4 for the certification of the adopted changes in the Memorandum of Association of the Company.

The true copy of the deposit slip of Form 26 and Form 4 with CRO, SECP, Lahore, is annexed herewith and marked as Annexure-"D ".

- (iv) That the authorized share capital of Petitioner No. 2 is Rs. 1,119,000,000, divided into 111,900,000 shares of Rs. 10/- each, while the issued, subscribed, and paid-up share capital stands at Rs. 356,775,780.
- (v) That the financial position of Petitioner No. 2, based on its audited financial statements as of 30th June 2024, is as follows:

(Amount in Rs. In 000)

Total assets: 544,414

Non-current assets: 396,566/- (comprising investment in Digital Custodian Company, Investment in LSE Capital, deferred tax, long term deposits).

Current assets: 147,848/- (comprising short-term investments/ financial assets, advances and prepayments, tax refund due from government-net, and cash and bank balances).

Total Equity and liabilities: 544,414/-

Copy of the Annual Report / Audited Financial Statements for the Year Ended June 30, 2024, of Petitioner No. 2, is annexed as Annexure-"E".

ATTESTED

Examiner
Copy Section
Lahore High Court, Lahore

APPROVAL AND BENEFITS OF THE PROPOSED ARRANGEMENT AND RECONSTRUCTION OF SPECIFIC PORTIONS OF THE UNDERTAKING OF THE PETITIONER NO. 2 AND MERGER OF THE SAME WITH AND INTO THE PETITIONER NO. 1

4. That Petitioners No. 1 and 2 have agreed to an arrangement, being the Scheme of Compromise, Arrangement and Reconstruction ("Scheme") dated November 30th, 2024 ("Scheme"), for the proposed restructuring and arrangement, which has been duly approved by the respective Board of Directors of both the Petitioners.

The true copies of the Extracts of the Resolutions passed by the respective Boards of Directors of Petitioners No. 1 and 2, are annexed herewith and marked as Annexures "F/1 & F/2".

5. That the determination / break-ups of the assets, liabilities, share capital and reserves, as prescribed under the Scheme, having been approved by the Boards of Directors of the respective Petitioners, are based on the audited financial statements of Petitioner No. 1 and 2 for the year ended June 30, 2024.

6. That it is humbly submitted that the contents of the Scheme be treated as part and parcel of the instant petition, having the effect, as though the entire said Scheme has been reproduced in this paragraph.

The Scheme of Compromise, Arrangement and Reconstruction ("Scheme") pertaining to the Petitioners is annexed herewith and marked as Annexure-"G".

7. That the objectives and the benefits of the Scheme pertaining to the Petitioners and their respective members/shareholders, are more described fully in the Preamble section of the Scheme.

8. That as a consequence of the sanction of the Scheme, Petitioner Nos. 1 and 2 will continue as going concerns without either of the companies / Petitioners being dissolved, thereby continuing to serve as useful economic and employment agents

ATTESTED
Examiner
Copy Section
Lahore High Court, Lahore

in society on the whole, with the addition of Petitioner No. 1 also becoming a public listed company.

9. That furthermore as a consequence of the Scheme, the ownership of Petitioner No.1 will be diversified amongst a large and public shareholder base leading to the strengthening of its corporate governance and internal controls, thereby fostering a robust and transparent operational framework.

10. That more particularly, the shareholders of Petitioner No. 2, totaling about 2993, already being a public listed company, will economically gain from the Scheme.

11. That it is respectfully submitted that for the purpose of Rule 19 of the Companies (Court) Rules, 1997, the advertisement of this Petition may be published in the Official Gazette and in the newspapers. It is further submitted that the notice of this Petition may also be given to the Registrar of Companies of the Securities and Exchange Commission of Pakistan, Lahore, as required under Section 283 of the Act.

12. That the Scheme does not involve any acquisition or merger of any Petitioner by the other, hence, the law/rules/regulations of the Competition Commission of Pakistan are not applicable.

13. That there being no secured creditors in respect of any of the Petitioners, the holding of the meeting of such creditors is not required.

14. That there are no investigation proceedings or the like pending in relation to any of the Petitioners under Sections 256 - 275 of the Companies Act, 2017, or under any other regulatory provisions. However, even if there being a case of any ongoing investigation proceedings, the Scheme (Article – 6) adequately provides that any such proceedings against any of the Petitioners shall continue as such.

ATTESTED
Examiner
Copy Section
Lahore High Court, Lahore

15. That each of the Petitioners No. 1 and 2 have their respective registered offices at Lahore within the jurisdiction of this Hon'ble Court and accordingly this Hon'ble Court has the jurisdiction in the matter in the light of the above stated SRO, in terms of which the power of the Securities and Exchange Commission of Pakistan, conferred by Sections 279 to 282 and 285 of the Companies Act, 2017, have been notified to be exercised by the Company Bench of this Honorable Court, in respect of the public interest, large and medium sized companies.

PRAYER


It is respectfully prayed that:

- (a) this Hon'ble Court may order calling of separate meetings of the members of the Petitioners No. 1 and 2, under Section 279 of the Companies Act, 2017, for approving, adopting and agreeing to the Scheme of Arrangement.
- (b) upon the receipt of the Chairmen's reports with respect to such meetings having been held under the orders of this Hon'ble Court, and the approval of the special resolutions having been granted by the required majority of members of Petitioners No. 1 and 2, this Hon'ble Court may graciously pass the following orders:
 - (1) An order under Section 279(2) of the Companies Act, 2017, sanctioning the Scheme of Arrangement and for making the same as binding on the Petitioners, the creditors, and all relevant governmental agencies, departments, corporate entities, parties/persons, as the case may be, on account of the same being in the benefit of the respective shareholders of the Petitioners as well as for the economy, society and market on the whole, and

ATTESTED
Examiner
Copy Supply Section
Lahore High Court, Lahore

8-

(2) Make such further orders as this Hon'ble Court may deem fit.

[Signature]

PETITIONER NO.1
 (through its authorized Officer)

[Signature]

PETITIONER NO.2
 (through its authorized Officer)

Through

[Signature]
MUSA HAYAT TARAR
 Advocate High Court
 CNIC: 35202-5455870-7
 Cell: 0323-4939329

[Signature]
BARRISTER ASADULHAQ CHATTHA
 Of Lincoln's Inn, Barrister-at-Law
 LL.B Hons. (London)
 CNIC No. 33102-30233905-3
 Cell: 0310-7730019

A.M. CORPORATE & LEGAL CONSULTANTS
 Office No.2, 2nd Floor, SAF Center
 8-Fane Road, Lahore.

TRUE COPY
 C.O. No. *[Signature]*
 Examiner: JIS (Commercial Branch)
 Lahore High Court, Lahore

63250
 Copy Petition No.: _____
 Submission Date: *04/12/24*
 No of Pages: *8*
 Fee (Rs. /- per Pages) _____
 Urgent Fee (Rs.): _____
 Total Fee (Rs.) _____
 Date of Completion: *04/12/24*
 Date of Delivery _____

Examiner Copy Supply Section
 Authorizer *[Signature]* Article 87 of
 Qanun-e-Strukturat Order 19
04/12/24

[Signature]
04/12/24