

ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI

J.MISC. NO.36/2001

Date

Order with signature of Judge

1. For orders on CMA No. 2329/2001.
 2. For orders on CMA No. 2572/2001
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22-11-2001.

**Mr. Makhdoom Ali Khan, Advocate alongwith
Mr. Farogh Nasim, Advocate and Mr. Sardar Aijaz,
advocate for the Petitioner .
Mr. Arshad Tayebally advocate representing the
Majority of Creditors of M/s. Saadi Cement Ltd.**

By this petition under Section 284 to 288 of the Companies Ordinance, 1984 petitioner, a company incorporated under the provisions of the Companies Ordinance, 1984 as a public limited Company seeks approval of the scheme for repayment of the debts as worked out by the creditors in pursuance to Section 284 of the Companies Ordinance.

The brief facts of the case are that the Company was incorporated in the year 1984 and established Cement Manufacturing Plant at Hattar. During the business operations the Company incurred liabilities to the tune of RS.4543.314 million. That led to the institution of numerous cases against the Company by the creditors. A list whereof is attached as annexure 7 to the petition. In addition the Company also instituted cases/appeals details whereof are set-forth in annexures 8. The main creditors of the Company are bankers. Development Finance Institutions and Leasing Companies representing 97% of the creditors. Orders for convening a meeting of the creditors were passed by this Court on 16.08.2001. In pursuance to the aforesaid orders meeting of the creditors was notified to be convened on 4.9.2001 after compliance of the formalities of publication of notices in the newspapers, etc., the meeting was convened on 4.9.2001 at National

Bank Head Office, I. I. Chundrigar Road, Karachi. All the creditors was represented in the meeting and the scheme proposed by the petitioners was tabled for approval. After consideration the creditors representing 97% of the amount of creditor approved the scheme. None of these creditors objected to the scheme during the meeting except for a sole creditor representing under 3% of the amount of outstanding credit. On 11.9.2001 the proposed scheme of the petitioner after it was approved in the meeting was submitted alongwith an application for sanction of the same in pursuance to the provisions of Rule 60 of the Companies (Court Rules) 1997 read with Section 284 (2) 285 of the Companies Ordinance , 1984.

The objective of the Scheme of the Arrangement, is to record the terms and conditions of a legally binding compromise and arrangement between the Creditors on one part and the Petitioner, the Sponsors and Directors on the other part, for ensuring the restructuring of existing liabilities of the Petitioners and ancillary measures, the salient features of which are as follows:-

- (a) The substitution of obligation of the Petitioner in respect of the existing liabilities with Term Finance Certificates (“TFC”) to be issued by the Petitioner in the amounts of the restructured liabilities upon terms and conditions specified in the Scheme of Arrangement;
- (b) Pooling of securities available with the Creditors to be shared amongst all Creditors on a pari passu basis;
- (c) The suspension/stay of all legal proceedings by the Creditors against Petitioner’s pending issuance of TFCs and settlement/satisfaction of all claims of the Creditors and the legal proceedings upon issuance of TFCs in terms of the Scheme of Arrangement;
- (d) Constitution of an Executive Committee to facilitate the monitoring of the financial and operational affairs of the Petitioner during the subsistence of the restructured liabilities and the TFCs.

In addition to these proceedings the Official Assignee was also deputed to remain present on the meeting of the Creditors on 4.9.2001 at 10.00 a.m. The report of the Official Assignee filed in Court on 10.9.2001 confirming the same and is taken on record.

Mr. Arshad Tayebally, advocate who is present on behalf of the Creditors representing the outstanding liabilities to the extent of over 97% of the credit states in Court today that the Creditors represented by him have no objection to the sanction of the scheme. No objections have been filed by any other creditor. The Scheme envisages the repayment to be made over a period of upto 10 years which covers the entire amount of principles as well as mark-up thereon at the rates set forth therein. In addition to the repayment the scheme also provides additional securities to the creditors by way of transfer of property in the leased assets from the leasing companies to the petitioner and secured by the creditors. In view of these facts the creditors are now on better footing with additional security and backed by their own supervision and monitoring of the affairs of the petitioner company to be carried out through an executive committee. In view of the above this petition is allowed alongwith the listed applications and the scheme proposed by the petitioners and as approved in the meeting of creditors of the Company held on 4.9.2001 is hereby sanctioned.