IN THE SUPREME COURT OF BANGLADESH
HIGH COURT DIVISION
(STATUTORY ORIGINAL JURISDICTION)

Present:

Mr. Justice Sikder Mahmudur Razi

Company Matter No. 1393 of 2025

IN THE MATTER OF:

An application under sections 59 read with sections 60 and 61 of the Companies Act, 1994.

-AND-

IN THE MATTER OF:

JG Facility Management Limited, represented by its Chairman Mohammad Sohel Rana

…Petitioner

-VERSUS-

The Registrar of Joint Stock Companies and Firms and others

…Respondents.

Ms. Mukti Rani Kundu, Advocate

…For the Petitioner.

No one appears

…For the Respondent.

Heard on: 11.08.2026 & 12.08.2026

And

Judgment on: 23.08.2026

1. This is an application under sections 59 read with sections 60 and 61 of the Companies Act, 1994 seeking confirmation of reduction of the share capital of JG Facility Management Limited from Tk.1,00,00,000/- (Taka One Crore) divided into 1,00,000 (One Lac) ordinary shares of Tk.100/- each to Tk.20,00,000/- (Taka Twenty Lac) divided into 20,000 (Twenty Thousand) ordinary shares of Tk.100/- each by cancellation of the unpaid share capital, as approved by the Special Resolution adopted at the Extra-Ordinary General Meeting held on 29.05.2025. The petitioner has further prayed for dispensation of the requirement of adding the words "and reduced" after the name of the company under section 61 of the Companies Act, 1994 and for consequential directions upon the Registrar of Joint Stock Companies and Firms.

2. The facts, as disclosed in the petition and the supplementary affidavits, in brief, are that JG Facility Management Limited is a private company limited by shares incorporated on 10.07.2024 under the Companies Act, 1994 bearing Certificate of Incorporation No. C-196210/2024. The company was incorporated with an authorized capital of Tk.3,00,00,000/- (Taka Three Crore) divided into 3,00,000 ordinary shares of Tk.100/- each. Photocopies of the Memorandum and Articles of Association dated 10.07.2024 have been annexed to the petition and marked as **Annexures-A and A-1**, while the Certificate of Incorporation dated 10.07.2024 has been annexed and marked as **Annexure-B**.

It further appears that the petitioner Mohammad Sohel Rana is the Chairman of the company and Mr. Md. Mahbubul Alam is its Managing Director. The particulars of the management of the company as submitted before the Registrar in Form-XII has been annexed to the petition and marked as **Annexure-C**.

The petitioner states that at the time of incorporation, upon wrong advice, the initial paid-up share capital of the company was fixed at Tk.1,00,00,000/- divided into 1,00,000 ordinary shares of Tk.100/- each. Subsequently, having regard to the actual capital requirement and business needs of the company, the shareholders considered that maintenance of the aforesaid capital structure was no longer necessary.

Accordingly, an Extra-Ordinary General Meeting was convened by notice dated 07.05.2025 and was held on 29.05.2025. At the said meeting the shareholders adopted a Special Resolution resolving to reduce the paid-up share capital from Tk.1,00,00,000/- divided into 1,00,000 ordinary shares of Tk.100/- each to Tk.20,00,000/- divided into 20,000 ordinary shares of Tk.100/- each by cancellation of the unpaid share capital. The notice of the Extra-Ordinary General Meeting dated 07.05.2025 and the Special Resolution adopted on 29.05.2025 have been annexed and marked as **Annexures-D and D-1** respectively.

The materials on record further disclose that an Independent Auditors' Firm, Tasnuva Mahedi Bhola (TMB), initially issued a certificate dated 21.07.2025 upon examination of the relevant books, records and documents of the company certifying that the company as no outstanding loans, credit facilities or borrowings from any third party or bank. The said certificate has been annexed and marked as **Annexure-E**.

2.1 That upon preliminary hearing of the application, this Court by order dated 17.08.2025 admitted the matter and directed publication of notices in two national daily newspapers and the same was published on 04.09.2025. The original newspaper clippings have been annexed to the affidavit-in-compliance and marked as **Annexures-G and G-1**.

Thus, the direction of this Court regarding publication of notice was duly complied with and no creditor or interested person appeared pursuant to such publication to oppose the proposed reduction.

2.2 During the pendency of the proceeding the petitioner also brought Shahjalal Islami Bank PLC, Banani Branch and Bangladesh Bank on record. A certificate dated 01.03.2026 issued by the concerned branch states that the company maintains an Al-Wadiah Current Deposit Account with the said branch and describes the company as financially sound and solvent. The said certificate has been annexed to the application for addition of party and marked as **Annexure-G** therein.

The records further disclose that the Annual General Meeting of the company was held on 08.01.2026 wherein, amongst others, the accounts for the period ended on 30.06.2025 and the Auditor's Report thereon were considered and adopted, the Directors' Report was approved, the appointment/re-appointment of auditors was considered and the shareholders were updated regarding the present proceeding for reduction of share capital. The minutes of the said Annual General Meeting dated 08.01.2026 have been annexed to the said application and marked as **Annexure-H**.

2.3 By supplementary affidavit the petitioner has further clarified that the proposed reduction is to be effected by cancellation of unpaid share capital and would not affect the substantive interest of any creditor or other person. It has also been stated that there is no debenture holder of the company. The petitioner accordingly prayed that, since the nature of the reduction does not call for use of the expression "and reduced" after the name of the company, the Court may dispense with such requirement under section 61 of the Companies Act, 1994.

2.4 Subsequently, the petitioner placed before the Court the audited financial statements of JG Facility Management Limited for the period from

10.07.2024 to 30.06.2025 prepared by the Independent Auditor, TMB, whose report was issued on 04.01.2026. The audit report has been brought on record by supplementary affidavit and the same has been annexed as Annexure- I.

The said materials disclose an inter-company loan of Tk.4,22,460/- as on 30.06.2025 obtained from JG Alfala for securing business licensing and ensuring uninterrupted operations of the company. The creditor company has, however, confirmed that repayment of the said amount is not subject to any particular repayment schedule or strict condition, the liability arising from an internal arrangement between the companies. The petitioner company has similarly acknowledged the liability and undertaken that the outstanding balance would be gradually discharged in accordance with its business needs.

More importantly, the Independent Auditor has certified that settlement of the aforesaid inter-company loan does not result in any adjustment to or reduction of the amount of the proposed share capital reduction and does not alter the basis or terms of such proposed reduction. The relevant certificates of the creditor company, petitioner company and the auditor dated 17.08.2026 have also been brought on record with the supplementary affidavit and annexed as Annexure- J, J-1 and J-2.

3. Ms. Mukti Rani Kundu, learned Advocate appearing for the petitioner, submits that the requirements of sections 59 and 60 of the Companies Act, 1994 have been complied with. She submits that the proposed reduction has been duly approved by the shareholders through the Special Resolution dated 29.05.2025 and that it involves cancellation of the unpaid share capital without repayment of any paid-up capital to the shareholders.

She next submits that the proposed reduction will neither affect the existing assets of the company nor prejudice any creditor. The only liability of the company is an inter-company loan of Tk.4,22,460/-, and the creditor itself has confirmed the nature of the arrangement while the Independent Auditor has specifically certified that settlement of the said liability has no bearing upon the proposed reduction of capital.

Learned Advocate further submits that notice of the proceeding was duly published pursuant to the direction of this Court, but no creditor, shareholder or interested person has appeared to oppose the application. She accordingly submits that the reduction is bona fide, fair and beneficial to the company and its members.

She finally submits that having regard to the nature of the reduction, the requirement of adding the words "and reduced" after the name of the company may be dispensed with under section 61 of the Companies Act, 1994 and necessary consequential direction may be issued upon the Registrar of Joint Stock Companies and Firms.

4. No one appears to oppose the application. The matter has, therefore, been taken up for hearing on the basis of the petition, supplementary affidavits, affidavit-in-compliance and the documents brought on record.

5. I have heard the learned Advocate appearing for the petitioner, perused the petition, supplementary affidavits, affidavit-in-compliance and other materials on record.

Sections 59 and 60 of the Companies Act, 1994 permit a company, subject to the authority contained in its Articles and confirmation by the Court, to reduce its share capital by Special Resolution. While considering such an application, the Court is required to satisfy itself that the proposed reduction has been lawfully approved, that the statutory procedure has been followed and, more significantly, that the reduction is fair and does not improperly prejudice the creditors, shareholders or other persons whose interests may be affected thereby.

In the present case, the Memorandum of Association, disclose the capital structure of the company and article 5 of the Articles of Association incorporate its power to reduce its capital. It further appears that an Extra-Ordinary General Meeting was duly convened and held on 29.05.2025 and the shareholders approved the proposed reduction by Special Resolution. Therefore, the corporate decision to reduce the share capital has been taken by the competent body of the company in the manner contemplated by law.

The proposed reduction is from Tk.1,00,00,000/- divided into 1,00,000 ordinary shares of Tk.100/- each to Tk.20,00,000/- divided into 20,000 ordinary shares of Tk.100/- each. The materials placed before the Court indicate that the proposed reduction is intended to bring the capital structure of the company in line with its actual business and capital requirements by cancellation of the unpaid share capital. No material has been placed before this Court suggesting that the reduction has been proposed for any collateral purpose or with the object of defeating the legitimate claim of any creditor or stakeholder.

The question of creditor protection, however, requires particular consideration. At the time of filing the original petition the petitioner relied upon the auditor’s certificate dated 21.07.2025. Subsequently, the audited financial statements for the period ending on 30.06.2025 disclosed an inter-company liability of Tk.4,22,460/- towards JG Alfala. The petitioner has fairly brought such subsequent disclosure before this Court instead of withholding the same.

The Court finds that the existence of the said inter-company liability does not, by itself, constitute an impediment to the proposed reduction. The creditor has confirmed the internal nature of the arrangement and the absence of any strict repayment schedule. More significantly, the Independent Auditor has certified that settlement of the said loan would neither result in any adjustment to the amount of the proposed share capital reduction nor alter its basis or terms. Thus, the proposed reduction does not appear to diminish any fund earmarked for repayment of the said liability or otherwise impair the position of the creditor.

The Court also takes note of the certificate issued by Shahjalal Islami Bank PLC dated 01.03.2026, confirming maintenance of the company's account with its Banani Branch and certifying the financial standing of the company. The minutes of the subsequent Annual General Meeting dated 08.01.2026, further show that the shareholders remained informed of the present proceeding and the financial affairs of the company.

Thus, on an overall consideration of the materials, this Court finds no basis to hold that the proposed reduction would unfairly prejudice any creditor, shareholder or other stakeholder.

This Court is also satisfied that the reduction does not contemplate repayment of any paid-up capital to the shareholders. It is intended to cancel the unpaid portion of the share capital and thereby restructure the capital of the company according to its present business requirements. No material has been produced to show that any shareholder would receive an undue benefit or that the reduction would result in an improper distribution of the assets of the company.

The petitioner has further prayed for dispensation of the requirement of adding the words “and reduced” after the name of the company under section 61 of the Companies Act, 1994. Having regard to the nature and circumstances of the present reduction, this Court finds no useful purpose in requiring the company to carry the words “and reduced” as part of its name. The proposed reduction does not involve repayment of capital to the shareholders and the materials on record do not disclose any circumstance making such addition necessary for protection of the creditors or the public. Accordingly, the requirement may be dispensed with.

It is also relevant that the proposed reduction has been approved by the shareholders, notice of the proceeding has been duly published, the financial materials including the subsequent audit disclosure have been placed before the Court and no creditor or interested person has come forward to oppose the application. The petitioner has thus placed before the Court sufficient materials enabling the Court to examine the substance and effect of the proposed reduction.

Having considered the entire facts and circumstances of the case, this Court is satisfied that the proposed reduction is bona fide; that it has been duly approved by the Special Resolution dated 29.05.2025; that the procedural requirements have substantially been complied with; that the reduction does not involve repayment of paid-up capital to the shareholders; and that no creditor, shareholder or third party is shown to suffer any prejudice thereby.

Accordingly, this Court finds merit in the application and is inclined to confirm the reduction of share capital together with the consequential reliefs.

6. In the result, the application under sections 59 read with sections 60 and 61 of the Companies Act, 1994 is allowed.

(i) The reduction of the paid-up share capital of **JG Facility Management Limited** from Tk.1,00,00,000/- (Taka One Crore) divided into 1,00,000 (One Lac) ordinary shares of Tk.100/- each to Tk.20,00,000/- (Taka Twenty Lac) divided into 20,000 (Twenty Thousand) ordinary shares of Tk.100/- each by cancellation of the unpaid share capital, as approved by the Special Resolution adopted at the Extra-Ordinary General Meeting held on 29.05.2025, is hereby confirmed under sections 59 and 60 of the Companies Act, 1994.

(ii) The Memorandum and Articles of Association and other statutory records of the company shall stand altered, wherever necessary, so as to reflect the paid-up share capital of the company at Tk.20,00,000/- divided into 20,000 ordinary shares of Tk.100/- each.

(iii) Having regard to the nature of the reduction and since no repayment of paid-up capital to the shareholders is involved, this Court, in exercise of the power conferred by section 61 of the Companies Act, 1994, hereby dispenses with the requirement of adding the words “and reduced” after the name of JG Facility Management Limited.

However, the company shall disclose the reduction whenever such disclosure is required under any law or becomes material for any statutory, regulatory or contractual purpose.

(iv) The Registrar of Joint Stock Companies and Firms, Bangladesh, is directed to register and record this Judgment and Order in accordance with law and to give full effect to the reduction of share capital hereby confirmed.

(v) The Registrar of Joint Stock Companies and Firms is further directed to accept and record all statutory returns, forms and documents required to be filed by the company consequent upon the reduction and to make necessary corrections, amendments and endorsements in its statutory registers, electronic database, digital records and corporate profile so that the records maintained by the Registrar correctly reflect the capital structure of JG Facility Management Limited in conformity with this Judgment and Order.

(vi) The petitioner/company shall file a certified copy of this Judgment and Order before the Registrar of Joint Stock Companies and Firms within the period prescribed by section 65 of the Companies Act, 1994 and shall complete all consequential statutory formalities in accordance with the Companies Act, 1994 and the Companies Rules, 2009.

(vii) The petitioner company shall publish notice of the reduction of share capital as confirmed by this Court in two widely circulated national daily newspapers, one in Bangla and another in English, within 30 (thirty) days from the date of obtaining the certified copy of this Judgment and Order and shall thereafter file an affidavit-in-compliance before this Court.

(viii) It is made clear that confirmation of the reduction of share capital shall not extinguish, discharge or otherwise prejudice the inter-company liability of Tk.4,22,460/- disclosed in the audited financial statements towards JG Alfala. The said liability shall continue to be governed by the arrangement between the parties and applicable law independently of the reduction hereby confirmed.

7. The petitioner has expressed its willingness to make a voluntary charitable contribution. The petitioner is desirous to donate Tk. 50,000/- which is to be given in the form of pay order in the name of "Uttar Tajpur Kazi Shah Jame Masjid" A/C No. 0100073297693, Janata Bank Limited, Zorwarganj Bazar Branch, Chattogram and upon production of the receipt thereof, the office shall draw up the order, if so prayed for.

8. There shall be no order as to costs.

Let a copy of this Judgment and Order along the record of the company be communicated and returned to the Registrar of Joint Stock Companies and Firms, Bangladesh, forthwith for information and necessary action.

(Sikder Mahmudur Razi, J.)