

Capital Reduction Agreement

Legal Notice

1. Parties

This Capital Reduction Agreement ("Agreement") is entered into on **[Date]**, by and between: **[Company Name]**, a company incorporated under the laws of **[Jurisdiction]**, with its registered office at **[Address]** ("the Company"), and the shareholders of the Company, whose names and particulars are provided in **Annexure A** attached hereto.

2. Background

WHEREAS the Company, by a resolution of its Board of Directors and Shareholders passed on **[Date]**, has determined to reduce its share capital in accordance with applicable laws and its articles of association.

3. Purpose of Capital Reduction

The purpose of this capital reduction is to **[state reason, e.g., eliminate accumulated losses, return surplus capital to shareholders, reorganize capital structure, etc.]**.

4. Terms and Conditions

1. The Company shall reduce its issued, subscribed, and paid-up share capital from **[pre-reduction amount]** to **[post-reduction amount]**.
2. The capital reduction shall be effected by **[specify method, e.g., cancellation of shares, return of capital, reduction of share value]** as described in Annexure B.
3. This Agreement is subject to approval by the shareholders, confirmation by the competent authority or court, and compliance with all applicable legal and regulatory requirements.

5. Notices

All notices in connection with this Agreement shall be made in writing and delivered to the registered office of the Company.

6. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of **[Jurisdiction]**.

7. Execution

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Authorized Signatory
[Company Name]

Shareholder(s)

Important Notes

- Capital reduction generally requires approval by a special resolution of shareholders and confirmation by regulatory or court authorities.
- Creditors may have the right to object to the proposed reduction; notices must be properly served.
- Accurate records and supporting documents (e.g., board resolution, shareholder resolution, court order) should be maintained.
- Legal and tax advice is recommended prior to executing a capital reduction.