

Appointment of Directors/Chief Executive in Modaraba Companies

May 06, 1999

Circular No. 11

Reference No. 6(63) R.M/92-238

Attention is invited to sections 6 and 10 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, under which registration of modaraba companies is granted and floatation of modarabas is authorized by Registrar Modaraba subject to such conditions as he may deem fit. Such conditions inter-alia, provide that no change shall be made in the company's major shareholders and its directors/chief executive without prior approval of the Registrar.

2. It has been noticed that some of the modaraba companies have changed their directors and the chief executive without prior approval of the Registrar Modaraba, in violation of the conditions of Registration and Authorization Certificates. Such a violation, apart from any other penal action likely to be taken against the management, may result in cancellation of registration of Modaraba Company and its removal from management of the modaraba floated by it.

3. All the modaraba companies are, therefore, cautioned to abide by the conditions of Registration and Modaraba Authorization Certificate judiciously; and may not make any change in the directors/chief executive and also in the companies major shareholders, without prior approval of the Registrar. The application seeking necessary approval may be made well in time and may contain full particulars of the persons to be appointed as new directors or chief executive as the case may be, duly supported by documentary evidence.

(Muhammad Yunus Khan)
Registrar Modaraba