

Securities and Exchange Commission of Pakistan  
Company Law Division  
Corporatization & Compliance Department  
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*Before*

*Commissioner*

*(Corporatization and Compliance Department)*

*In the matter of*

**BRAC PAKISTAN**

**ORDER**

**APPOINTMENT OF ADMINISTRATOR UNDER SECTION 43 READ WITH  
SECTION 291 OF THE COMPANIES ACT, 2017**

BRAC Pakistan (the "Company") was granted licence (the "Licence") on January 31, 2008 under Section 42 of the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the "Act") and was subsequently registered on February 04, 2008.

2. The brief facts of the case are that the Commission received adverse reports from government departments, along with the direction to the Commission to cancel the registration of the Company due to its involvement in subversive/anti-state activities. Additionally, the Commission received a letter from the Ministry of Interior (the "MOI"), conveying the list of International Non-Governmental Organizations (the "INGOs") that are not allowed to work in Pakistan, and the said list included an INGO, namely Stichting Brac International (the "INGO"), having its presence in Pakistan through the Company. Accordingly, the Commission in exercise of powers under sub-section (5) of the section 42 of the Act and after complying with the requirements of the Act, revoked the licence of the Company and directed the Company to proceed in terms of section 43 of the Act.

3. It is pertinent to note that on revocation of licence of a company by the Commission under section 42 of the Act, the provisions of section 43 of the Act require that all the assets of the company, after satisfaction of all debts and liabilities shall be transferred to another company licensed under section 42, preferably having similar or identical objects to those of the company, within ninety (90) days from the revocation of the licence; and subsequently, the board of such company shall file a compliance report to the registrar. Subsequently, after the acceptance of the report by the registrar, the board shall initiate necessary proceedings for winding up of the company voluntarily or where it has no assets and liabilities, make an application to the registrar for striking the name of the company off the register

4. Nevertheless, sub-section (4) of section 43 of the Act provides that if the company fails to comply with any of the aforesaid requirements of section 43 of the Act within the specified period, the Commission may, without prejudice to any other action under the law, appoint an administrator to manage affairs of the company subject to such terms and conditions as may be specified in the order and initiate necessary proceedings for winding up of the company. In this regard, sub-section (5) of section 43 of the Act stipulates that the provisions of section 291, except those of sub-section (1) thereof, shall apply *mutatis mutandis* to the administrator appointed under section 43 of the Act.

5. It is also pertinent to mention here that the Commission has received a letter dated April 04, 2019 from Mr. Sher Zaman, Chief Executive of the Company, requesting that—

*"...the affairs of the Company have worsened and deteriorated to the extent that immediate intervention of the Securities & Exchange Commission of Pakistan (SECP) is requested. We are constantly in touch with the board of the directors of the Company but no concrete position has so far been taken. Either the gravity of the situation is not known to the Board or they are reluctant to play a leading and guiding role.*

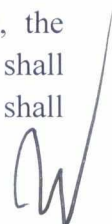
*We have also searched for the proposed transferee company to whom the assets and liabilities along with rights, privileges etc. could be transferred and again could not come up with a definite proposal in this state of emergency. Board has not given any decision in this regard as per their legal role.*

*In view of the prevailing situation especially the position of the assets comprising of financial assets amounting to Rs.1.84 billion with over 73,000 borrowers will become doubtful. The uncertainty faced by the employees (feeling insecure), the borrowers / clients and lenders, it would be most appropriate that the Commission may kindly appoint an administrator in terms of sub-section (4) of section 43 of the Act.*

*The appointment of the administrator at the earliest would save the Company from further deterioration / worsening of the state of affairs."*

6. The Commission found that circumstances exist which necessitate the appointment of an administrator to manage affairs of the Company in terms of Section 43(4) read with Section 291 of the Act and as such appointed Mr. Naveed Qazi having address 83/1, 29<sup>th</sup> Street, Off Khayaban-e-Sehar Phase 6, DHA, Karachi, as Administrator vide its meeting held on May 27, 2019 to manage the affairs of the Company on the following terms and conditions governing his appointment:

- (i) On and from the date of appointment of the Administrator, the management of affairs of the Company shall vest in him, and he shall exercise all the powers of the board and all such directors and persons shall





stand divested of that management and powers and shall cease to function and hold office;

(ii) The Administrator shall hold office during the pleasure of the Commission for a term of three months from the date of this Order, provided further that his services will be monitored during this period by the Commission;

(iii) Immediately after his appointment, the Administrator shall make reasonable efforts to obtain all records of the Company;

(iv) The Administrator shall obtain written consent of another company (the "Transferee Company"), having license under section 42 of Companies Act, 2017 as well as license to act as Non-Banking Microfinance Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, which is willing to receive assets and liabilities of the Company;

(v) The Administrator shall make reasonable efforts to transfer all assets and liabilities of the Company to transferee company within a period of ninety (90) days from the date of his appointment or such extended period as may be allowed by the Commission;

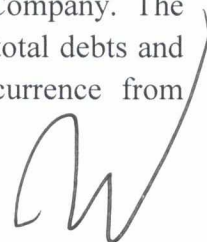
(vi) The Administrator shall make reasonable efforts to recover overdue micro-loans owed to the Company and would make payments against liabilities as and when these become due during the period of appointment till the assets and liabilities are transferred to another company;

(vii) The Administrator will make all reasonable efforts to rationalize the operations of the Company and to minimize the operating cost of the company;

(viii) The Administrator shall make reasonable efforts to safeguard the interests of stakeholders such as lenders, members, grantors, etc.;

(ix) The Administrator will ensure that books of accounts of the Company are properly maintained;

(x) After successful transfer of assets and liabilities of the Company to the Transferee Company, the Administrator shall submit a report to the Commission after getting it audited from A Rated audit firm in this regard and initiate necessary proceedings for winding up of the Company. The report shall *inter alia* contain complete details of total assets, total debts and liabilities transferred to transferee company, letter of concurrence from

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transferee Company, and certificate confirming completion of transfer of assets issued by the auditor of transferee company;

(xi) Where the Administrator is unable to transfer assets and liabilities to another company within ninety (90) days from the date of appointment or such extended period as may be allowed by the Commission, he shall initiate necessary proceedings for winding up of the Company;

(xii) The Commission may terminate the appointment of Administrator without giving prior notice;

(xiii) The Administrator may request the Commission, with prior notice of one (01) month, to terminate appointment;

(xiv) The gross monthly remuneration of Administrator will be fixed @ Rs.1,000,000/-plus Rs. 300,000/- for all TA/DA and other expenses, which shall be payable by the Company;

(xv) The Administrator shall comply with such further conditions regarding scope of his work as may be imposed by the Commission from time to time;

(xvi) The Administrator will not incur any obligation or liability, civil or criminal, for anything, which is done or intended to be done in exercise of the powers conferred on him by the Commission.

  
**(Shaukat Hussain)**  
Commissioner (CCD)

Order forwarded for compliance to:

1. Mr. Naveed Qazi, (Administrator, BRAC Pakistan)
2. Chief Executive, BRAC Pakistan
3. All Directors, BRAC Pakistan
4. Executive Director SCD
5. Additional Registrar of Companies, Company Registration Office, Islamabad.