



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

September 29, 2020

MATERIAL INFORMATION –BRR GUARDIAN MODARABA

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information.

In continuation of our earlier letter- material information dated August6, 2020 and would like to apprise you that our request for "In Principal Approval" For Reduction of Paid –up Fund of BRR Guardian Modaraba has not been acceded by Registrar of Modaraba, Securities and Exchange Commission of Pakistan vide its No. SC/M/RS/BRRGM/2020/R5-5/38 dated September 25, 2020 (copy enclosed)

Yours sincerely

Tahir Mehmood
Company Secretary

Cc,

The Director
Securities Market Division
Licensing and Capital Issue Department
Securities & Exchange Commission of Pakistan
Islamabad



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT
(MODARABA WING)

No. SC/M/RS/BRRGM/2020/RS-5/38
September 25, 2020

Mr. Ayaz Dawood,
Chief Executive Officer,
B.R.R. Guardian Modaraba,
20th Floor, B.R.R. Tower, Hassan Ali Street,
Off: I.I. Chundrigar Road,
Karachi.

Subject: REQUEST FOR IN PRINCIPAL APPROVAL FOR REDUCTION OF PAID UP FUND OF BRR GUARDIAN MODARABA

Dear Sir,

This is with reference to our letter dated July 28, 2020 and your response thereon dated August 13, 2020 on the above subject.

2. Your request has been examined in the light of the Modaraba laws as well as the provisions of the Companies Act, 2017 ("the Act"). It has been noticed that the proposed reduction of paid up fund of BRR Guardian Modaraba ("the Modaraba") is neither covered under the Modaraba laws nor in the prospectus of the Modaraba approved by the Religious Board.
3. Further, it may be noted that the provisions of Section 89, read with section 505 of the Companies Act, 2017 cannot be invoked as these are inconsistent with the provisions of Section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("the Modaraba Ordinance") which is the primary law which provides for the regulatory framework for modarabas.
4. Furthermore, despite our request dated July 28, 2020, the management of the Modaraba has not provided any relevant explanation that the proposed reduction of paid up fund under Section 89 of the Act is not in circumvention of Section 23 of the Modaraba Ordinance which envisages that a modaraba may be wound up by the Tribunal on an application made by the Registrar, if its accumulated losses exceeds 50% of the total amount subscribed by the Modaraba Certificate Holders. The relevant provisions of Section 23 of the Modaraba Ordinance are reproduced hereunder as ready reference:

23. "Circumstances in which modaraba may be wound up by the Tribunal.- (1) A modaraba shall be wound up by the Tribunal on an application made by the Registrar if-....."

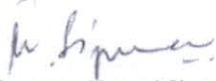
NIC Building, Jinnah Avenue, Blue Area, Islamabad.
Tele No. 9207091-4 (Ext 372) - Fax. No. 9100473, E-mail: tauqeer.sipra@secp.gov.pk

(ii) in the case of any modaraba, the Registrar has declared that:-

b. the accumulated losses of the modaraba exceed fifty per cent of the total amount subscribed by the holders of the Modaraba Certificates; or"

In view of the aforesaid facts, I am directed to inform you that instant request for in Principle approval for reduction of Paid Up capital of Modaraba is not in consonance with the regulatory framework as codified under Modaraba Ordinance 1980, therefore, cannot be entertained.

Please acknowledge receipt of this letter through return fax.



(Tauqeer Ahmad Sipra)
Management Executive