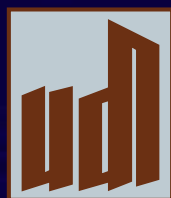


2022

ANNUAL REPORT



First UDL Modaraba



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Vision

To be a leading Modaraba institution providing a range of diversified and Shariah compliant products and services.



Mission

To add value for all the stake holders including investors management, staff and the society at large; through creative, innovative and Shariah compliant products and services aimed at eradicating Riba from the society, employing the highest standards of ethics and fair play.

Corporate Information

MODARABA MANAGEMENT COMPANY

Board of Directors

UDL Modaraba Management (Private) Limited

Majid Hasan	Chairman (Non-Executive Director)
Shuja Malik	Chief Executive Officer
Farah Qureshi	Non-Executive Director
Abdul Rahim Suriya	Non-Executive Director

Company Secretary

Syed Aamir Hussain

Audit Committee

Abdul Rahim Suriya	Chairman
Majid Hasan	Member
Farah Qureshi	Member

Human Resource & Remuneration Committee

Majid Hasan	Chairman
Farah Qureshi	Member
Abdul Rahim Suriya	Member

Auditors

Grant Thornton Anjum
Rehman & Co. (Chartered Accountants)

Bankers

Albarka Bank Limited
Habib Bank Limited
Dubai Islamic Bank Limited
Askari Bank Limited

Registrar

CDC Share Registrar Service Ltd.
CDC House, Shahrah-e-Faisal, Karachi.

Shariah Advisor

Mufti Abdul Qadir

Legal Advisor

Mohsin Tayebaly & Co.
2nd Floor Dime Centre, BC - 4, Block - 9,
Kehkashan, Clifton, Karachi.

Tax Advisor

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building, Civil Lines,
Mereweather Road, Karachi.

Associated Companies

UDL Pharmaceuticals Pakistan (Pvt.) Ltd.
UDL International Limited

Head Office & Registered Office

1st Floor, Business Enclave, 77-C, 12th Commercial
Street, Off: Kh-e-Ittehad, DHA Phase II (Ext.) Karachi.

Phone

(92-21) 35310561-5

Fax

(92-21) 35310566

Email

info@udl.com.pk

Web

www.udl.com.pk



Chairmans' Review

In the name of Allah, the Most Gracious, the Most Merciful!

Thanks to Almighty Allah for the blessings He bestowed upon us and for giving the strength and wisdom to take meaningful business decisions during this difficult period.

FUDLM earned a net profit of PKR 75.92 million for 2022 as compared to PKR 29.65 million for 2021 which resulted in earnings per share of PKR 2.16 for 2022 vs PKR 0.84 for 2021.

Despite the political uncertainty, weak economic conditions; the Modaraba managed to post a decent profit. However, movements in exchange rate, continuous increase in KIBOR as well as constant inflationary trend is making it extremely difficult for the Modaraba to extend Diminishing Musharika finance facility as there is reluctance on the part of the consumers in availing finance due to the high cost and in some cases reluctance in providing finance by the Modaraba due to a risk of default.

Profitability has taken a hit due to significant dip in prices of stocks and shares primarily due to substantial increase in input costs from PKR devaluation against the greenback, higher financial charges and higher power tariff on the national grid. Moreover, income tax exemptions on income and gains under Modaraba umbrella were withdrawn.

During the year, Cash flow projections were regularly monitored and analyzed for the identification of investment opportunities. Cash generated were optimally invested to ensure adequate liquidity without significantly compromising on investment returns.

Significant plans and decisions

The Modaraba takes a holistic view while detailing out plans for the coming years, which includes studying the industry position and taking prudent measures to formulate strategies for cost effective solutions. During the year, significant strides were made on earlier announced conversion of the Modaraba into a company to counter challenges imposed on the industry. Taking into account key economic factors, a decision was made to engage with all stakeholders and prepare a plan to be submitted to SECP. The Modaraba will continue to actively work towards finalizing the same and update all stakeholders accordingly.

I am confident that despite the challenges being faced, the management would do its best to maximize returns for all the stakeholders.

Finally, I would like to take this opportunity to extend my sincere gratitude to all stakeholders and the management of the Modaraba for their contributions towards its road to success. The support and guidance from the SECP remained invaluable during this difficult period.

-Sd-

Majid Hasan
Chairman
Date: 26th September'2022.



چیرمین کا جائزہ

اللہ کے نام سے جو بڑا مہربان، نہایت رحم والا ہے!

اللہ تعالیٰ کا شکر ہے کہ اس نے ہمیں جو نعمتیں عطا کیں اور اس مشکل دور میں بامعنی کاروباری فیصلے کرنے کی طاقت اور حکمت عطا کی۔

ایف یو ڈی ایل ایم نے 2021 میں 29.64 ملین روپے کے مقابلے میں 2022 میں 75.92 ملین روپے کا خالص منافع کمایا جس کے نتیجے میں 2022 میں فی حصص آمدنی 2.16 روپے رہی جو 2021 میں 0.84 روپے تھی۔

سیاسی غیر یقینی صورتحال، کمزور معاشی حالات کے باوجود مضاربہ معقول منافع حاصل کرنے میں کامیاب رہا۔ تاہم، شرح مبادلہ میں تبدیلی، KIBOR میں مسلسل اضافے کے ساتھ ساتھ مسلسل افراط زر کے رجحان کی وجہ سے مضاربہ کے لیے ڈیمنٹنگ مشارکہ فنانس کی سہولت کو بڑھانا انتہائی مشکل ہو رہا ہے کیونکہ صارفین زیادہ لاگت کی وجہ سے فنانس حاصل کرنے میں ہچکچاہٹ کا شکار ہیں۔ اور بعض کیسوں میں ڈیفالٹ کے خطرے کی وجہ سے مضاربہ کو فنانس دینے میں ہچکچاہٹ محسوس کرتے ہیں۔

اسٹاک اور حصص کی قیمتوں میں نمایاں کمی کی وجہ سے منافع کو نقصان پہنچا ہے، بنیادی طور پر امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، زیادہ مالیاتی چارجز اور نیشنل گریڈ پر بجلی کے زیادہ ٹیرف کی وجہ سے کاروباری لاگت میں خاطر خواہ اضافہ ہوا۔ مزید یہ کہ مضاربہ کے ذریعے حاصل ہونے والی آمدنی اور منافع پرائم ٹیکس کی چھوٹ واپس لے لی گئی۔

سال کے دوران سرمایہ کاری کے مواقع کے لیے کیش فلو کے تخمینوں کی باقاعدگی سے نگرانی اور تجزیہ کیا گیا۔ سرمایہ کاری کے منافع پر سمجھوتہ کیے بغیر مناسب سرمایہ کو یقینی بنانے کے لیے حاصل ہونے والی نقد رقم کو بہترین طریقے سے لگایا گیا۔

اہم منصوبے اور فیصلے

مضاربہ آنے والے سالوں کے منصوبوں کی تفصیل بتاتے ہوئے ایک جامع نقطہ نظر رکھتا ہے، جس میں صنعت کی صورت حال کا جائزہ اور اس کے لیے کم لاگت کی حکمت عملی وضع کرنے کے لیے فعال اقدامات کرنا شامل ہے۔ سال کے دوران، صنعت پر عائد چیلنجوں کا مقابلہ کرنے کے لیے مضاربہ کو کمپنی میں تبدیل کرنے کے اعلان پر اہم پیش رفت کی گئی۔ کلیدی اقتصادی عوامل کو مد نظر رکھتے ہوئے تمام اسٹیک ہولڈرز سے مشاورت اور ایس ای سی پی کے پاس جمع کرانے کے لیے ایک منصوبہ تیار کرنے کا فیصلہ کیا گیا۔ مضاربہ اسے حتمی شکل دینے کے لیے فعال طور پر کام کرتا رہے گا اور اس کے مطابق تمام اسٹیک ہولڈرز کو آگاہ کرتا رہے گا۔

-Sd-

ماجد حسن

چیرمین

26 ستمبر 2022

Directors' Report

The Board of Directors of UDL Modaraba Management (Private) Ltd., (the management company of the Modaraba), has pleasure in presenting to the certificate holders, the Annual Report of the First UDL Modaraba together with Audited Accounts for the year ended June 30, 2022.

FINANCIAL RESULTS

	2022	2021
	← Rupees →	
Un-appropriate Profit / (Loss) brought forward	38,774,088	(63,112,863)
Add : Net Profit/(loss) after tax for the year	75,923,623	29,649,785
Transfer from Comprehensive Income	6,631,110	78,167,123
Balance	121,328,821	44,704,045
Less : Transferred to Statutory Reserves	(15,184,725)	(5,929,957)
Dividend Paid	(73,753,155)	-
Balance as at 30th June	32,390,942	38,774,088
Earnings per certificate	2.16	0.84

REVIEW OF OPERATIONS:

During the year, income/gains increased from Rs. 52.90 million to Rs. 141.82 million (168%). The increase is mainly attributable to the realization of gain on sale of assets supported by higher Income from Diminishing Musharika financing, dividends and bank profits.

Operating expenses remained in line with previous year. Profit before tax improved by 173% from Rs. 29.64 million to Rs. 81.08 million.

FUDLM earned a net profit of PKR 75.92 million for 2022 as compared to PKR 29.64 million for 2021, which resulted in earnings per share of PKR 2.16 for 2022 vs PKR 0.84 for 2021.

PROFIT DISTRIBUTION:

The current year has been turbulent with multiple economic challenges for the country having serious impact on the Modarabas activities. Rapid rupee depreciation against the dollar, the stock market in a bearish mode and a steep rise in Kibor are some of the significant factors putting a dent in otherwise a stable Modaraba.

Despite the political uncertainty, weak economic conditions; the Modaraba managed to post a decent profit in the current fiscal year and announced an interim dividend of PKR 1 per share on February 23, 2022, and a final dividend of PKR 0.90 per share on September 26, 2022, thus taking the total dividend payout for 2022 to PKR 1.90 per share.

WAY FORWARD:

As already disclosed on February 10, 2022, that the management is considering possibilities to convert the Modaraba into a Public Limited Company, the management and the board after consultation with financial experts and legal counsel has decided to merge/amalgamate the entire undertaking of the First UDL Modaraba with and into UDL International Limited (a company incorporated for the sole purpose of the merger). Simultaneously, the Diminishing Musharika Portfolio would be hived down from UDL International Limited to its wholly owned subsidiary, an Investment Finance Services Company (IFS), to be incorporated after obtaining requisite approvals from relevant authorities.

Directors' Report

Objectives of the merger and creation of the subsidiary is due to the fact that companies are provided with more flexible legislative options by incorporating new subsidiaries for new businesses and raise capital from capital markets with ease of managing distinct business divisions independent of one another. Consequently, each business division is capable of addressing independent business opportunities.

The management and the board is of the view that due to the current economic scenario, the considerable loss in the value of Pak rupee, it is prudent to diversify in other business activities, like import and export of commodities, consumer items, etc. The proposed merger would enable maximization of returns for the shareholders as there would be greater focus by specialized professionals on two separate lines of business, i.e. trading and financial activities.

SHARIAH COMPLIANCE AND AUDIT MECHANISM:

Under the laws, rules and regulations governing the Modaraba and further as stipulated in the Prospectus, your Modaraba, has complied with the Shariah guidelines and audit mechanism which have been confirmed by our Shariah Advisor in his report.

CORPORATE GOVERNANCE:

The Modaraba has implemented all aspects of Code of Corporate Governance introduced by the SECP.

- The financial statements prepared by the Management of the Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable to Modarabas, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices and Corporate Governance as detailed in the listing regulations.
- The trading in company shares by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year, if occurred, timely communicated to the Pakistan Stock Exchange

AUDIT COMMITTEE:

During the year four meetings were held and attended by the following members of the Committee. The committee comprises as follows;

- | | | |
|----|---------------------|------------|
| 1) | Mr. A. Rahim Suriya | -Chairman |
| 2) | Mr. Majid Hasan | -Member |
| 3) | Ms. Farah Qureshi | -Member |
| 4) | Mr. Iqbal Ahmed | -Secretary |

The Chief Financial Officer and Internal Auditor also attended the meetings as per requirement of the Code of Corporate Governance.

Directors' Report

ATTENDANCE OF BOARD MEETINGS:

During the year under review five meetings of the Board of Directors were held which were attended by the directors as under:-

	Name of Director	Meetings Eligibility	Meetings Attended	Absence
1)	Mr.Majid Hasan	5	5	-
2)	Ms. Farah Queshi	5	5	-
3)	Mr. Shuja Malik	5	5	-
4)	Mr.Abdul Rahim Suriya	5	5	-

PATTERN OF CERTIFICATE-HOLDING:

A Statement showing Pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2022 is included in this report.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES:

The Board feels pleasure in stating that provisions of the Code relevant for the year ended June 30, 2022, have been duly complied except as mentioned in the statement of compliance with code of corporate governance. The auditors review report is and annexed herewith.

CORPORATE SOCIAL RESPONSIBILITY:

First UDL Modaraba believes that it is a socially responsible entity. We regularly contribute to people and organizations in need. To ensure transparency, all donations to other than government approved charities are made after obtaining our Shariah Advisors approval.

AUDITORS:

The present auditors M/s Grant Thornton Anjum Rahman & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Modaraba for the financial year ending June 30, 2023 at a fee mutually agreed with the auditors and subject to approval by the Registrar of Modaraba Companies and Modarabas.

ACKNOWLEDGEMENT:

The Board would like to take this opportunity to thank the Registrar Modarabas and other officials of the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP) for their continuous guidance and support.

The Board would also like to thank our certificate-holders for reposing trust and confidence in the Modaraba, and to the members of Management and Staff for their commitment and dedication.

For and on Behalf of the Board

-Sd-

Shuja Malik
Chief Executive
Date: 26th September'2022



ڈائریکٹرز کی رپورٹ

یوڈی ایل مضاربہ منجمنٹ (پرائیویٹ) لمیٹڈ، (مضاربہ کی انتظامی کمپنی) کے بورڈ آف ڈائریکٹرز سرٹیفیکیٹ ہولڈرز کے سامنے پہلے یوڈی ایل مضاربہ کی سالانہ رپورٹ اور 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ حسابات کو پیش کرنے پر مسرت کا اظہار کرتی ہے۔

مالیاتی نتائج

30-6-2021	30-6-2022	
(63,112,863)	38,774,088	منافع/(نقصان)
29,649,785	75,923,623	جمع: بعد از ٹیکس خالص منافع
78,167,123	6,631,110	جامع آمدنی سے منتقلی
44,704,045	121,328,821	بیلنس
(5,929,957)	(15,184,725)	نفی: قانونی ذخائر میں منتقلی
-	(73,753,155)	ڈیویڈنڈ ادائیگی
38,774,088	32,390,942	30 جون کا بیلنس
0.84	2.16	آمدنی فی سرٹیفیکیٹ

آپریشنز کا جائزہ:

زیر جائزہ سال کے دوران آمدنی/منافع 168 فیصد اضافے کے ساتھ 52.90 ملین روپے سے 141.82 ملین روپے ہو گیا۔ یہ اضافہ بنیادی طور پر اثاثوں کی فروخت پر حاصل ہونے والے منافع کی وصولی کے ساتھ ڈیمسٹنگ مشارکہ فنانسنگ، ڈیویڈنڈز اور بینک کے منافع میں آمدنی کی وجہ سے ہوا آپرینٹنگ اخراجات پچھلے سال کے مطابق رہے۔ ٹیکس سے پہلے کا منافع 173 فیصد بہتر ہوا جو 29.64 ملین روپے سے 81.08 ملین روپے ہو گیا ایف یوڈی ایل ایم نے 2021 میں 29.64 ملین روپے کے مقابلے میں 2022 میں 75.92 ملین روپے کا خالص منافع کمایا جس کے نتیجے میں 2022 میں فی حصص آمدنی 2.16 روپے رہی جو 2021 میں 0.84 روپے تھی۔

منافع کی تقسیم:

موجودہ سال ملک متعدد اقتصادی چیلنجوں کی وجہ سے مشکلات کا شکار رہا ہے جس کا مضاربہ کی سرگرمیوں پر شدید اثر پڑا۔ ڈالر کے مقابلے میں روپے کی تیزی سے گراؤٹ، اسٹاک مارکیٹ میں مندی اور KIBOR میں زبردست اضافہ کچھ ایسے اہم عوامل ہیں جنہوں نے بصورت دیگر مستحکم مضاربہ کو متاثر کیا سیاسی غیر یقینی صورتحال، کمزور معاشی حالات کے باوجود مضاربہ رواں مالی سال میں معقول منافع حاصل کرنے میں کامیاب رہا اور اس نے 23 فروری 2022 کو فی حصص ایک روپے کے عبوری ڈیویڈنڈ اور 26 ستمبر 2022 کو 0.90 روپے فی حصص کے حتمی ڈیویڈنڈ کا اعلان کیا، اس طرح 2022 میں مجموعی طور پر 1.90 روپے فی حصص کا ڈیویڈنڈ کا اعلان کیا گیا۔



ڈائریکٹرز رپورٹ

مستقبل کا منظر نامہ:

جیسا کہ پہلے ہی 10 فروری 2022 کو انکشاف کیا گیا تھا کہ انتظامیہ مضاربہ کو پبلک لمیٹڈ کمپنی میں تبدیل کرنے کے امکانات پر غور کر رہی ہے، انتظامیہ اور بورڈ نے مالیاتی ماہرین اور قانونی مشیروں سے مشاورت کے بعد فرسٹ یوڈی ایل کے پورے انڈر ٹیکنگ کو ضم/ ملانے کا فیصلہ کیا ہے۔ یوڈی ایل مضاربہ یوڈی ایل انٹرنیشنل لمیٹڈ (انضمام کے واحد مقصد کے لیے بنائی گئی ایک کمپنی) کے ساتھ اور اس میں ضم کی جائیگی۔ اس کے ساتھ ہی، ڈیمسٹنگ مشارکہ پورٹ فولیو کو یوڈی ایل انٹرنیشنل لمیٹڈ سے اس کی مکمل ملکیتی ذیلی کمپنی، ایک انوسٹمنٹ فنانس سروسز کمپنی (آئی ایف ایس) کو منتقل کر دیا جائے گا جسے متعلقہ حکام سے مطلوبہ منظوری حاصل کرنے کے بعد منتقل کیا جائے گا۔

ما تحت ادارے کے انضمام اور تخلیق کے مقاصد اس حقیقت کی وجہ سے ہیں کہ کمپنیوں کو نئے کاروباروں کے لیے نئے ذیلی اداروں کو قائم کر کے اور ایک دوسرے سے آزاد الگ الگ کاروباری تقسیم کے انتظام میں آسانی کے ساتھ کیپٹل مارکیٹوں سے سرمایہ اکٹھا کر کے مزید لچکدار قانون سازی کے اختیارات فراہم کیے جاتے ہیں۔ نتیجتاً، ہر کاروباری ڈویژن آزاد کاروباری مواقع سے نمٹنے کی صلاحیت رکھتا ہے۔

انتظامیہ اور بورڈ کا مؤقف ہے کہ موجودہ معاشی منظر نامے کے پیش نظر، پاکستانی روپے کی قدر میں نمایاں کمی کے باعث، دیگر کاروباری سرگرمیوں جیسے اشیاء، اشیائے صرف کی درآمد اور برآمدات میں تنوع لانا دانشمندی ہے۔ مجوزہ انضمام سے حصص یافتگان کے لیے زیادہ سے زیادہ منافع حاصل ہو سکے گا کیونکہ کاروبار کی دوا لگ الگ شعبوں یعنی تجارتی اور مالیاتی سرگرمیوں پر خصوصی پیشہ ورانہ افراد کی طرف سے زیادہ توجہ دی جائے گی۔

شرعی تعمیل اور آڈٹ میکا نزم:

مضاربہ کو کنٹرول کرنے والے قوانین، قواعد و ضوابط اور مزید جیسا کہ پراسپیکٹس میں بیان کیا گیا ہے، آپ کے مضاربہ نے شرعی رہنما خطوط اور آڈٹ کے طریقے کار پر عمل کیا ہے جس کی تصدیق ہمارے شریعہ مشیر نے اپنی رپورٹ میں کی ہے۔

کارپوریٹ گورننس:

مضاربہ نے ایس ای سی پی کی جانب سے متعارف کرائے گئے کوڈ آف کارپوریٹ گورننس کے تمام پہلوؤں کو نافذ کیا ہے۔

- مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں اس کی صورتحال، اس کے آپریشنز کے نتائج، کیش فلو اور سرمایے میں ہونے والی تبدیلیوں کو پیش کیا گیا ہے۔

• مضاربہ کے حسابات کی کتابیں صحیح رکھی گئی ہیں۔

• مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

• مالیاتی بیانات کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ مضاربہ پر لاگو ہوتا ہے کی پیروی کی گئی ہے۔

• اندرونی کنٹرول کا نظام ڈیزائن میں بہترین ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

• مضاربہ کی ایک تسلسل سے بڑھنے والی کمپنی کے طور پر کوئی شبہ نہیں ہے

• فہرست سازی کے ضوابط کے مطابق بہترین طریقوں اور کارپوریٹ گورننس سے کوئی انحراف نہیں کیا گیا ہے

ڈائریکٹرز رپورٹ

• سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں تجارت کی تو اس کے بارے میں پاکستان اسٹاک ایکسچینج کو بروقت اطلاع دی گئی۔

آڈٹ کمیٹی:

سال کے دوران چار اجلاس منعقد ہوئے اور کمیٹی کے درج ذیل اراکین نے شرکت کی۔ کمیٹی مندرجہ ذیل پر مشتمل ہے:

(1) جناب اے رحیم سوریہ، چیئر مین

(2) جناب ماجد حسن، ممبر

(3) محترمہ فرح قریشی، ممبر

(4) جناب اقبال احمد، سیکرٹری

کوڈ آف کارپوریٹ گورننس کے تحت چیف فنانشل آفیسر اور انٹرنل آڈیٹر نے بھی اجلاسوں میں شرکت کی۔

بورڈ کے اجلاسوں میں شرکت:

زیرجائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے جن میں درج ذیل ڈائریکٹرز نے شرکت کی:-

ڈائریکٹر نام	منعقدہ اجلاس	شرکت اجلاس	غیر حاضری
(1) جناب ماجد حسن	5	5	-
(2) محترمہ فرح قریشی	5	5	-
(3) جناب شجاع مالک	5	5	-
(4) جناب عبدالرحیم سوریہ	5	5	-

سرٹیفکیٹ ہولڈنگ کا نمونہ :

مضاربہ کے سرٹیفکیٹ ہولڈنگ کا نمونہ اور 30 جون 2022 تک اضافی معلومات کو ظاہر کرنے والا بیان اس رپورٹ میں شامل ہے۔

بہترین طرز عمل کی پیروی کا بیان:

بورڈ یہ بتاتے ہوئے مسرت کا اظہار کرتا ہے کہ 30 جون 2022 کو ختم ہونے والے سال کے لیے متعلقہ ضابطہ کی دفعات ماسوائے کارپوریٹ گورننس کے ضابطہ کی تعمیل کے بیان میں پر عمل کیا گیا ہے۔ آڈیٹر کی جائزہ رپورٹ اس کے ساتھ منسلک ہے۔



ڈائریکٹرز رپورٹ

کارپوریٹ سماجی ذمہ داری:

پہلے یو ڈی ایل مضاربہ اس بات پر یقین رکھتا ہے کہ یہ سماجی طور پر ایک ذمہ دار ادارہ ہے۔ ہم باقاعدگی سے ضرورت مند لوگوں اور تنظیموں کی مدد کرتے ہیں۔ شفافیت کو یقینی بنانے کے لیے حکومت سے منظور شدہ خیراتی اداروں کے علاوہ تمام عطیات ہمارے شرعی مشیروں کی منظوری حاصل کرنے کے بعد کیے جاتے ہیں۔

آڈیٹرز:

موجودہ آڈیٹرز گرانٹ تھارنٹن انجمن رحمان اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے مضاربہ کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے جس کی فیس پر آڈیٹرز کے ساتھ باہمی اتفاق کیا گیا تھا اور یہ رجسٹرار آف مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط ہے۔

اعتراف:

بورڈ اس موقع پر رجسٹرار مضاربہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان (ایس بی پی) کے دیگر حکام کا مسلسل رہنمائی اور تعاون پر شکر گزار ہے
بورڈ مضاربہ، انتظامیہ اور اسٹاف کے اراکین کے عزم اور لگن پر اعتماد اور بھروسہ کرنے کے لیے ہمارے شوقیہٹ ہولڈرز کا شکر گزار ہے

-Sd-

شجاع مالک

چیف ایگزیکٹو

26 ستمبر 2022



Six Years Financials

Balance Sheet Summary

(Rs. in million)

Year Ended June 30,	2017	2018	2019	2020	2021	2022
	— Restated —					
EQUITY						
Issued, subscribed & paid up capital	263.87	263.87	290.25	319.28	351.205	351.205
Statutory Reserve	259.03	259.03	232.65	203.63	177.627	192.812
Revenue Reserve and unappropriate profit	30.74	(7.63)	(61.05)	(63.11)	38.774	32.390
Total Equity	<u>466.507</u>	<u>515.28</u>	<u>461.86</u>	<u>459.79</u>	<u>567.607</u>	<u>576.408</u>
(Deficit) / surplus on revaluation of investments	<u>167.14</u>	<u>70.81</u>	<u>(24.43)</u>	<u>22.72</u>	<u>46.824</u>	<u>(23.701)</u>
LIABILITIES						
Customer Security Deposit	19.221	10.310	11.09	10.31	1.406	-
Current Liabilities						
Current maturity of Long term Security Deposit	23.208	14.390	5.494	6.57	-	-
Other Current Liabilities	<u>93.964</u>	<u>83.535</u>	<u>37.927</u>	<u>36.405</u>	<u>180.134</u>	<u>55.289</u>
Total Liabilities	136.394	108.237	54.51	50.04	181.540	55.288
Total Equity & Liabilities	<u>857.182</u>	<u>694.327</u>	<u>491.937</u>	<u>532.543</u>	<u>795.971</u>	<u>607.995</u>
ASSETS						
Investment property	-	-	73.92	70.697	-	-
Intangible Assets	1.79	2.10	4.80	3.81	2.820	1.832
Assets Leased Out	136.057	69.027	23.925	12.112	1.781	-
Assets in own use - Tangible	174.874	178.155	98.813	91.125	23.441	26.412
Long Term Investment	300.97	202.366	168.84	214.847	186.506	105.826
Other Long Term Assets	0.90	2.83	1.37	1.35	1.384	1.384
Diminishing Musharka Financing	<u>39.280</u>	<u>32.843</u>	<u>39.46</u>	<u>41.962</u>	<u>101.04</u>	<u>93.201</u>
	653.873	487.311	411.128	435.908	316.984	228.656
Current Assets						
Stock	26.438	42.598	-	-	-	-
Short Term Investments	33.179	39.966	15.497	9.679	180.728	247.693
Other Current Assets	52.103	68.591	38.46	19.954	54.167	94.419
Cash & Bank Balances	<u>91.589</u>	<u>55.860</u>	<u>25.81</u>	<u>67.000</u>	<u>109.771</u>	<u>37.227</u>
Total Current Assets	203.309	207.015	80.809	96.634	344.66	379.339
Total Assets	<u>857.182</u>	<u>694.327</u>	<u>491.937</u>	<u>532.543</u>	<u>795.971</u>	<u>607.995</u>

Income Statement Highlights

(Rs. in million)

Year Ended June 30,	2017	2018	2019	2020	2021	2022
	— Restated —					
Lease	23.23	18.766	8.12	2.83	3.84	0.0287
Musharika	3.50	-	-	-	-	-
Diminishing Musharaka	2.77	7.534	9.08	9.87	7.665	20.316
Capital Gain on Investment	34.49	47.843	4.42	4.32	17.971	0.0037
Sales - Pharma	145.42	-	-	-	-	-
Rental property	-	-	10.00	12.50	10.99	2.149
Other	15.75	1.469	2.85	8.76	12.44	119.327
Total Income	225.16	75.612	34.46	38.29	52.906	141.825
EXPENSES						
Operating	53.30	22.57	44.00	41.001	38.390	38.694
Cost of goods sold - Pharma	100.46	-	-	-	-	-
Selling & distribution	77.21	-	-	-	-	-
Financial	0.11	2.65	2.47	0.65	0.084	0.0183
Total Expenses	231.09	25.22	46.47	41.65	38.474	38.7123
Unrealized gain on investments	(5.36)	(2.622)	(3.35)	0.56	19.677	(9.827)
Gain on settlement of liability	51.58	-	-	-	-	-
Profit / (Loss) before Management Fee	40.29	47.77	(15.356)	(2.80)	34.109	93.287
Less:- Management Fee & Other	7.76	-	-	-	4.46	12.194
Profit before Taxation	32.53	47.77	(15.356)	(2.80)	29.650	81.093
Less:- Taxation	-	(0.76)	(0.38)	-	-	(5.165)
Loss after taxation from discontinued operation	-	(54.24)	(38.89)	-	-	-
Net Profit / (Loss)	32.53	(7.232)	(54.63)	(2.80)	29.649	75.923
APPROPRIATIONS						
Cash Dividend	29.03	-	-	-	38.632	66.729
Stock Dividend	-	10%	10%	10%	-	-
Statutory Reserve	6.51	-	(26.39)	(29.03)	(25.998)	15.185
Break-up value per Certificates (Rs.)	20.98	19.53	14.47	14.40	16.16	16.41
Market Price on 30th June (Rs.)	37.70	18.65	6.24	6.99	10.00	7.00
Dividend per Certificate (Rs.)	1.10	-	-	-	1.10	1.90
Earning Per Certificate (Rs.)	1.23	(0.25)	(1.71)	(0.09)	0.84	2.16
Current Ratio (X)	1.74	2.11	1.88	2.25	1.89	6.86
Net Profit margin (%)	14.45	(3.10)	(158.51)	(7.31%)	56.04	53.53
Return on Equity (%)	4.51	(1)	(11.83)	(0.61%)	5.22	13.17
Return on Investment (%)	8.72	18.66	0.61	2.2	53	3.74
Dividend Payout (%)	89.22	-	-	-	130.95	87.89

Statement of Compliance with the Code of Corporate Governance

The UDL Modaraba Management (Private) Limited (hereafter referred to as the Company), the Management Company of First UDL Modaraba has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 4 as per the following:

- a. Male : 3
- b. Female : 1

2. The Composition of board is as follows:

<u>CATEGORY</u>	<u>NAMES</u>
Independent Non Executive Director	Mr. Majid Hasan - Chairman Mr. Abdul Rahim Suriya
Non Executive Directors	Ms. Farah Qureshi
Executive Director	Mr. Shuja Malik – Chief Executive

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ certificate holders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All directors are compliant with necessary requirements of Directors Training Certification.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Chief Financial Officer and the Company Secretary is the same person, however, duties of both positions are distinct and clearly spelled out. Further, it has less financial burden on the Company.

11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the board.

Audit Committee Composition:

<u>NAME</u>	<u>DESIGNATION</u>
Abdul Rahim Suriya	Chairman
Majid Hassan	Member
Farah Qureshi	Member

HR and Remuneration Committee Composition:

<u>NAME</u>	<u>DESIGNATION</u>
Majid Hassan	Chairman
Abdul Rahim Suriya	Member
Farah Qureshi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- | | |
|----------------------------------|------------------------|
| a) Audit Committee | Four Quarterly Meeting |
| b) HR and Remuneration Committee | One Annual Meeting |
15. The board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouses, parents, dependents and minor children) of the CEO, CFO, head of internal audit, company secretary or directors of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide to the services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with, except as referred in paragraph 10.

-Sd-

Shuja Malik
Chief Executive
Date: 26th September'2022.



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Rahman**

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**To the certificate holder of First UDL Modaraba (the Modaraba)
Review Report on the Statement of Compliance contained in Listed
Companies (Code of Corporate Governance) Regulations, 2019**

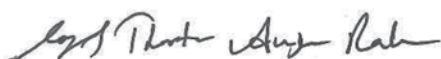
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of UDL Modaraba Management (Private) Limited, the Management Company of the Modaraba for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Modaraba and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Modaraba's related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2022.



Chartered Accountants
Place: Karachi
Dated: 04 October 2022
UDIN: CR202210093cgj2bJ0WU

**Grant Thornton Anjum
Rahman**

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AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of First UDL Modaraba (the Modaraba) as at 30 June 2022 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's [UDL Modaraba Management Company (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980) and Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;



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- ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
- iii) the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2022 and of the profit, its comprehensive income, changes in equity and cash flows for the year then ended; and
- d) zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

UDIN: AR202210093ozuv8LhOa
Date: 04 October 2022
Karachi

Chartered Accountants
Audit Engagement Partner: Khurram Jameel



First UDL Modaraba

Mufti Abdul Qadir

Shariah Advisor

Shahadatu Tahfeez-ul-Quran
Shahadat-ul-Aalamiyyah
Shahadat-ul-Takhassus fil Fiqh wal Ifta

MA (Islamic Studies), MA (Arabic)
PGD (Islamic Banking & Finance)
MIBF (Masters in Islamic Banking & Finance)

Ref: ASRR - 22

Date: 26-09-22

Annual Shari'ah Review Report of First UDL Modaraba (FUDLM) For the year ended June 30, 2022

*In the name of Allah, The Most Beneficent, The Most Merciful,
All praise is due to Allah, and Allah's Peace and Blessings be upon His Final Messenger, his pure family, his noble
Companions, and all those who follow them with righteousness until the Day of Judgment.*

I have conducted the Shari'ah review of First UDL Modaraba managed by UDL Modaraba Management (Private) Limited, the Modaraba Management Company for the year ended June 30, 2022 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that,

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. Following were the major developments that took place during the year:

Training and Development:

The key staff of the FUDLM is fully equipped with Islamic finance tools and industry requirements through training and workshops. However, no training program attended by the staff during the period.

- iii. The agreements entered into by the Modaraba are Shari'ah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
- v. The earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.

B-41 Block N, North Nazimabad Karachi, Near Sakhi Hassan Post Office 74700, Pakistan
Cell Number: 0321-2103451, Email Address: abdulqadirh_22@yahoo.com, abdulqadirh_22@hotmail.com

**Charity:**

The amount collected and duly paid on account of charity with the approval of concerned Shari'ah Advisor is as follows:

	2022	2021
	<u>Rupees</u>	<u>Rupees</u>
Opening Balance	207,769	284,438
Additions during the period	601,093	625,331
Payments made during the year	<u>(685,925)</u>	<u>(702,000)</u>
Closing Balance	122,937	207,769

Observations:

I have inquired and checked the systems and business transactions of Modaraba and found them in line with the guidelines issued by SECP vide Circular No. 8 of 2012 dated 03-02-2012, whereby Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) was introduced.

1. As regards to the investment in shares and securities, it has been confirmed that First UDL Modaraba has only Shari'ah Compliant Shares in its portfolio.
2. It has been noticed that all the surplus funds in the Modaraba are always and invariably placed with Islamic Banking Institutions.
3. As regards insurance coverage facility, it has been noticed that the Modaraba has availed entire insurance coverage from renowned Takaful companies or from Islamic Windows of conventional insurance companies.

Recommendations:

1. It is recommended that the charity amount should be fully distributed to the approved charitable organizations within the specific time period as specified in SCSAM for Modarabas.
2. The management should continue its endeavor to comply with the rulings of Shari'ah in its business operations and future transactions.

Conclusion:

Based on the above-mentioned facts, I am of the view that the business operations of First UDL Modaraba are Shari'ah Compliant, to the best of my knowledge.

May Allah make us successful in this world and hereafter and forgive our mistakes.

Signature


Mufti Abdul Qadir
Shari'ah Advisor
Date: 26 September 2022







FINANCIAL STATEMENTS

for the year ended June 30, 2022



First UDL Modaraba

Balance Sheet

as at June 30, 2022

		Note	← 2022 Rupees →	2021
ASSETS				
Non-current assets				
Fixed assets - tangible	6		26,412,551	25,222,491
Intangible assets	7		1,832,498	2,820,624
Long term investments	8		105,826,135	186,506,737
Diminishing Musharakah Financing	9		93,201,258	101,049,848
Long term deposits	10		1,384,350	1,384,350
			228,656,792	316,984,050
Current assets				
Investments	11		247,693,994	180,728,871
Current portion of Diminishing Musharakah financing	9		44,251,358	32,884,169
Ijarah rental receivables			-	28,210
Diminishing Musharakah financing installments receivable			806,270	599,488
Advances	12		4,584,455	2,645,362
Taxation - net			15,494,824	15,003,501
Prepayments and other receivables	13		29,281,160	3,005,191
Cash and bank balances	14		37,227,011	109,771,934
			379,339,072	344,666,725
Non current assets held for sale	15		-	134,321,080
TOTAL ASSETS			607,995,864	795,971,855
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorized certificate capital	16		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital	16		351,205,480	351,205,480
Statutory reserve			192,812,478	177,627,753
Accumulated profit			32,390,940	38,774,088
Certificate holders' equity			576,408,898	567,607,321
(DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENTS			(23,701,850)	46,824,198
Current liabilities				
Security deposits			-	1,406,020
Accrued and other liabilities	18		26,989,295	155,168,244
Unclaimed profit distributions	19		28,299,521	24,966,072
			55,288,816	181,540,336
TOTAL EQUITY AND LIABILITIES			607,995,864	795,971,855
CONTINGENCIES AND COMMITMENTS				
	20			

The annexed notes from 1 to 35 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)-Sd-
Chief Financial Officer
S. Aamir Hussain-Sd-
Chief Executive
Shuja Malik-Sd-
Director
Abdul Rahim Suriya



Profit & Loss Account

for the year ended June 30, 2022

	Note	2022	2021
		← Rupees →	
Income / gain from:			
- Ijarah operations	21	28,750	3,840,916
- Diminishing Musharakah		20,316,717	7,665,645
- Sale of investments		3,709	17,971,274
- Rental property		2,149,076	10,999,892
- Dividend		7,242,666	1,366,337
- Bank balances / TDRs		17,594,855	7,371,258
- Other sources	22	94,489,979	3,690,908
		<u>141,825,753</u>	<u>52,906,230</u>
Unrealized (loss) / gain on re-measurement of investments at FVTPL		(9,827,148)	19,677,567
		<u>131,998,605</u>	<u>72,583,797</u>
Operating expenses	23	(38,694,789)	(38,390,094)
Financial charges		(18,379)	(84,478)
Management Company's remuneration	18.3	(9,328,544)	(3,410,923)
Sales tax on Management Company's remuneration	18.3	(1,212,711)	(443,420)
Provision for Sindh Workers' Welfare Fund	18.4	(1,654,884)	(605,098)
Profit before taxation		<u>81,089,299</u>	<u>29,649,784</u>
Taxation	24	(5,165,675)	-
Profit after taxation		<u><u>75,923,623</u></u>	<u><u>29,649,784</u></u>
Earning per certificate - basic and diluted	25	<u><u>2.16</u></u>	<u><u>0.84</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Abdul Rahim Suriya

Statement of Comprehensive Income

for the year ended June 30, 2022

	← 2022	2021 →
	← Rupees	→
Profit after taxation	75,923,623	29,649,784
Items that will not be reclassified subsequently to profit and loss account		
Unrealized (loss) / gain on re-measurement of investment at FVOCI	(70,526,048)	24,109,155
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,397,575</u>	<u>53,758,939</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Abdul Rahim Suriya



Cash Flow Statement

for the year ended June 30, 2022

← 2022 2021 →
← Rupees →

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation

81,089,299 29,649,784

Adjustment of non cash items:

Depreciation - fixed assets

3,470,738

7,480,892

- investment property

1,767,422

Amortization of intangible assets

988,126

988,126

Unrealized loss / (gain) on re-measurement of investments at FVTPL

9,827,148

(19,677,567)

Gain on sale of investments

(3,709)

(17,971,274)

Gain on sale of assets classified as held for sale

(93,551,519)

-

Gain on sale of fixed assets

(459,552)

(3,826,170)

Dividend income

(7,242,666)

(1,366,337)

Financial charges

18,379

84,478

Operating loss before working capital changes

(5,863,756)

(2,870,644)

Changes in working capital:

Decrease / (increase) in current assets

Ijarah rental receivables

28,210

1,114,792

Diminishing Musharakah financing

(3,725,381)

(86,799,558)

Advances

(1,939,093)

1,249,378

Prepayments and other receivables

(26,275,969)

1,165,337

(31,912,233)

(83,270,051)

(Decrease) / increase in current liabilities

Accrued and other liabilities

(128,178,949)

145,568,995

Security deposits

(1,406,020)

(5,166,930)

Unclaimed profit distributions

3,333,449

(272,619)

(126,251,520)

140,129,446

Tax paid

(5,656,999)

(8,461,382)

Financial charges paid

(18,379)

(84,478)

Long term deposits

-

(7,088,520)

Net cash (used in) / generated from operating activities

(169,702,887)

38,354,370



First UDL Modaraba

Cash Flow Statement

for the year ended June 30, 2022

2022 2021
← Rupees →

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets	(8,258,500)	(3,777,444)
Proceeds from sale of held for sale assets	230,000,000	-
Net investments during the year	(60,002,899)	306,894
Proceeds from sale of fixed assets	1,929,852	6,521,118
Dividends received	7,242,666	1,366,337
Net cash generated from investing activities	170,911,119	4,416,905

CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	(73,753,155)	-
Net (decrease) / increase in cash and cash equivalents	(72,544,923)	42,771,275
Cash and cash equivalents at the beginning of the year	109,771,934	67,000,659
Cash and cash equivalents at the end of the year	37,227,011	109,771,934

The annexed notes from 1 to 35 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Abdul Rahim Suriya



Statement of Changes in Equity

for the year ended June 30, 2022

	Certificate Capital	Capital Reserve *Statutory Reserve	Revenue Reserve Accumulated (Loss) / Profit	Total Certificate Holders' Equity
	Rupees			
Balance as at July 01, 2020	319,277,710	203,625,566	(63,112,863)	459,790,413
Total comprehensive income for the year			29,649,784	29,649,784
Surplus transferred to unappropriated profit	-	-	78,167,123	78,167,123
Transferred to statutory reserve at 20%	-	5,929,957	(5,929,957)	-
Transactions with certificate holders of the Modaraba				
Bonus shares issued (10%)	31,927,770	(31,927,770)	-	-
Balance as at June 30, 2021	351,205,480	177,627,753	38,774,087	567,607,320
Total comprehensive income for the year	-	-	75,923,625	75,923,625
Surplus transferred to unappropriated profit	-	-	6,631,110	6,631,110
Transferred to statutory reserve at 20%*	-	15,184,725	(15,184,725)	-
Transactions with certificate holders of the Modaraba				
Dividend for the year ended June 30, 2021 (11%)	-	-	(38,632,603)	(38,632,603)
Dividend for the half year ended Decmeber 31, 2021 (10%)	-	-	(35,120,552)	(35,120,552)
Balance as at June 30, 2022	<u>351,205,480</u>	<u>192,812,478</u>	<u>32,390,940</u>	<u>576,408,898</u>

* The statutory reserve represents profit set aside as required under the Modaraba Regulation 2021 for Modarabas as issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 35 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Abdul Rahim Suriya

Notes to the Financial Statements

for the year ended June 30, 2022

1. LEGAL STATUS AND NATURE OF THE BUSINESS

- 1.1 First UDL Modaraba (the Modaraba) was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under, having its registered office at 1st Floor, Business Enclave, 77-C, 12th Commercial Street, Off: Khayaban-e-Ittehad, DHA (Ext), Karachi and is managed by UDL Modaraba Management (Private) Limited (the Management Company), a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional Modaraba engaged in providing finance under Murabaha and Musharakah arrangements, Ijarah, commodity trading, and trading in listed and non-interest bearing securities. The Modaraba is listed on Pakistan Stock Exchange.
- 1.2 The Board of Directors, in its meeting held on 10 February 2022, had resolved to evaluate possibilities for conversion of the Modaraba into a public limited company subject to all requisite regulatory and legal approvals.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directions issued under the Companies Act 2017; and
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas.

Where the provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas differ from IFRS Standards and IFAS, the provision of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except otherwise disclosed in the financial statements.

Permissible Islamic financial products including Murabaha (as a liability) and Musharakah have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon.

Notes to the Financial Statements

for the year ended June 30, 2022

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Modaraba.

3. NEW ACCOUNTING STANDARDS

3.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Modaraba's accounting period beginning on July 1, 2021, but are considered either to be not relevant or to not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

3.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Modaraba's accounting periods beginning on / after July 1, 2022. However, the Modaraba expects that these standards will not have any material impact on the future financial statements of the Modaraba.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Note
- Determination of useful lives, pattern of flow of economic benefits and impairment of fixed assets	5.1, 5.2, 6 & 7
- Classification and valuation of investments	5.4, 8 & 11
- Provisions against non-performing financing	5.4 & 9
- Provision for taxation	5.14 & 25

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Fixed assets - tangible

Assets in own use

These are stated at cost less accumulated depreciation. Depreciation is charged to profit and loss account applying the reducing balance method. In respect of depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

Notes to the Financial Statements

for the year ended June 30, 2022

Assets leased out under Ijarah

Ijarah financing assets are stated at cost less accumulated depreciation. Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset less salvage value is written off over the lease financing period, which is considered to be the estimated useful life of the asset. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination. At the end of the lease financing period, asset is transferred to the customer.

Gain or loss on disposal

Gain or loss on disposal of assets, if any, is recognized as and when incurred.

Impairment

The Modaraba assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

5.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any.

Amortization is charged to profit and loss account applying the straight line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, amortization is charged proportionately for the period of use.

Impairment

The Modaraba assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, intangible assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

5.3 Assets held for sale

Assets held for sale are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Investment property and fixed assets once classified as held for sale are not depreciated.

5.4 Financial Instruments

5.4.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances are initially recognised on the trade date, i.e., the date that the Modaraba becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Notes to the Financial Statements

for the year ended June 30, 2022

Bank balances and loans and advances are recognised when funds are transferred to the banks / employees.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Financial assets

The Modaraba classifies its financial assets at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Modarabas business model for managing them.

i) Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

ii) Financial assets measured at FVTPL

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

iii) Financial assets measured at FVOCI

Equity instrument

Upon initial recognition, the Modaraba can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 - 'Financial Instruments: Presentation and are not held for trading'. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit and loss account. Dividends are recognised as other income in the statement of profit and loss account when the right of payment has been established, except when the Modaraba benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in Other Comprehensive Income.

Notes to the Financial Statements

for the year ended June 30, 2022

Impairment of financial assets

Loss allowance for diminishing musharika financing is always measured applying simplified approach at an amount equal to 12 months ECLs.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Modaraba expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The default rates are benchmarked and adjusted for forward looking information and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Modaraba's historical observed default rates which is then adjusted for forward looking information.

Financial liabilities

All financial liabilities of the Modaraba are subsequently measured at amortised cost using effective interest method.

5.4.2 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Modaraba has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Modaraba has:

- a) transferred substantially all of the risks and rewards of the asset; or
- b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Modaraba has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Modaraba's continuing involvement in the asset. In that case, the Modaraba also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained. The Modaraba derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

5.4.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Modaraba intends to either settle on a net basis, or to recognize the asset and settle the liability simultaneously.

5.5 Diminishing musharaka financing and ijarah rental receivables

These are stated net of provision and suspense income. Provision is recognized in accordance with the Prudential Regulation for Modarabas. Bad debts are written-off when identified.

Notes to the Financial Statements

for the year ended June 30, 2022

5.6 Deposits, advances, prepayments and other receivables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

5.7 Cash and cash equivalents

These are carried in the balance sheet at cost.

5.8 Certificate capital and earning per certificate

The Modaraba presents basic and diluted earnings per certificate data for its ordinary certificates. Basic earning per certificate is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted earning per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates.

Ordinary certificates are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new certificates or options are shown in equity as a deduction, net of tax, from the proceeds.

5.9 Retirement benefits

The Modaraba operates an approved funded contributory provident fund scheme for all its employees who are eligible under the scheme. Equal monthly contributions at the rate of 10 percent of basic salary are made by both Modaraba and its employees.

5.10 Accrued and other payables

Liabilities for accrued and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

5.11 Contingent liabilities

Contingencies are disclosed when Modaraba has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

5.12 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at end of reporting date, taking into account the risk and uncertainties surrounding the obligation.

Notes to the Financial Statements

for the year ended June 30, 2022

5.13 Revenue recognition

- Ijarah income is recognized on an accrual basis.
- Profit on Diminishing Musharakah is recognised as and when profits become due on a systematic basis over the term of Diminishing Musharakah period.
- Rental income from is recognized on a straight line basis over the term of the lease.
- Dividend income is recognized when the right to receive the payment is established.
- Gains or losses arising on sale of investments are taken to income in the period in which they arise.
- Return on investment and deposits with banks is recognized on an accrual basis.

5.14 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

Deferred

Deferred tax is recognized using the statement of financial position method for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts appearing in these unconsolidated financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

5.15 Profit distribution and other appropriations of profit

Profit distribution and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

5.16 Segment reporting

Segment reporting is based on the operating (business) segments of the Modaraba. An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Board Committee of the Modaraba to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

for the year ended June 30, 2022

6. FIXED ASSETS - tangible

2022	Cost			ACCUMULATED DEPRECIATION			Depreciation rate per annum
	As at July 1, 2021	Additions	(Deletions)	As at June 30, 2022	Charge for the year	Disposal	
Assets in own use							
Furniture and fittings	20,012,236	-	(1,383,497)	18,628,739	505,738	(483,086)	5
Books	83,000	-	-	83,000	2,359	-	20
Vehicles	23,524,072	7,757,000	(2,889,000)	28,392,072	1,955,973	(2,771,555)	20
Computer equipment	6,880,970	114,000	(795,050)	6,199,920	288,552	(479,383)	20
Office equipment and appliances	10,292,035	387,500	(5,788,759)	4,890,776	327,303	(4,915,433)	20
Sub total	60,792,313	8,258,500	(10,856,306)	58,194,507	3,079,925	(8,649,457)	
Assets leased out under Ijarah							
Machinery and equipment	-	-	-	-	-	-	-
Vehicles	8,003,400	-	(8,003,400)	-	390,813	(6,612,546)	25-33
Sub total	8,003,400	-	(8,003,400)	-	390,813	(6,612,546)	
Total	68,795,713	8,258,500	(18,859,706)	58,194,507	3,470,738	(15,262,003)	

Notes to the Financial Statements

for the year ended June 30, 2022

FIXED ASSETS - tangible

	2021	Cost			ACCUMULATED DEPRECIATION				Depreciation rate per annum %
		As at July 1, 2020	Additions	(Deletions) / (Transfer)	Reclassification	As at June 30, 2021	Disposal / adjustments	As at June 30, 2021	
Assets own use									
Lease hold land		10,450,350	-	-	(10,450,350)	-	-	-	-
Plant & Machinery		104,902,305	-	-	(104,902,305)	-	1,408,752	-	5
Furniture and fittings		19,851,796	160,440	-	-	20,012,236	553,564	9,435,723	5
Books		83,000	-	-	-	83,000	2,934	71,275	20
Vehicles		19,250,316	3,097,505	(7,142,149)	-	15,205,672	2,048,520	9,198,685	20
		-	8,318,400	-	-	8,318,400	2,994,624	-	-
Computer equipment		6,469,171	411,799	-	-	6,880,970	354,030	5,272,354	20
Office equipment and appliances		10,184,335	107,700	-	-	10,292,035	508,037	8,246,750	20
Sub total		171,191,273	12,095,844	(7,142,149)	(115,352,655)	60,792,313	7,870,461	37,351,489	23,440,824
Diminishing Musharika Units		8,318,400	-	(8,318,400)	-	-	(2,994,624)	-	-
Assets leased out under Ijarah									
Machinery and equipments		7,918,000	-	(7,918,000)	-	-	(7,126,204)	-	25-33
Vehicles		40,635,400	-	(32,632,000)	-	8,003,400	2,605,055	6,221,733	25-33
Sub total		48,553,400	-	(40,550,000)	-	8,003,400	2,605,055	6,221,733	1,781,667
Total		228,063,073	12,095,844	(56,010,549)	(115,352,655)	68,795,713	10,475,516	43,573,222	25,222,491

Notes to the Financial Statements

for the year ended June 30, 2022

7. INTANGIBLE ASSETS

	Cost		ACCUMULATED AMORTIZATION				
2022	As at July 1, 2021	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	Book value As at June 30, 2022	Amortization rate per annum %
	← Rupees →						
Computer Software	6,440,625	6,440,625	3,620,001	988,126	4,608,127	1,832,498	20
Total	6,440,625	6,440,625	3,620,001	988,126	4,608,127	1,832,498	

	Cost		ACCUMULATED AMORTIZATION				
2021	As at July 1, 2020	As at June 30, 2021	As at July 1, 2020	Charge for the year	As at June 30, 2021	Book value As at June 30, 2021	Amortization rate per annum %
	← Rupees →						
Computer Software	6,440,625	6,440,625	2,631,875	988,126	3,620,001	2,820,624	20
Total	6,440,625	6,440,625	2,631,875	988,126	3,620,001	2,820,624	

8. LONG TERM INVESTMENTS

	Note	2022	2021
		Rupees	
At FVOCI	8.1	<u>105,826,135</u>	<u>186,506,737</u>

8.1 At FVOCI

	2022	2021	2022	2021
	Number of Shares / Certificates (face value Rs 10/-)		Rupees	
Pharma & Bio Tech				
The Searle Company Limited	357,961	275,355	39,024,908	66,806,630
AGP Limited	20,000	40,000	1,752,400	4,693,200
IBL HealthCare Limited	18,502	15,419	961,919	1,713,513
Food and Personal Care Products				
Gillette Pakistan Limited	183,385	187,185	23,119,347	41,545,711
Al Shaheer Corporation	97,333	97,333	879,890	1,939,847
At-Tahur Ltd (PREMA)	19,650	17,545	374,726	408,799
Fertilizer				
Engro Fertilizers Limited	-	200,000	-	14,054,000
Cement				
Power Cement Limited	404,826	404,826	2,153,674	3,890,378
Fauji Cement	250,000	250,000	3,542,500	5,750,000
Oil & Gas				
Sui Northern Gas Pipelines Limited	4,713	4,713	161,232	228,958
Sui Southern Gas Limited	6,000	6,000	54,360	79,800

Notes to the Financial Statements

for the year ended June 30, 2022

	2022	2021	2022	2021
	Number of Shares / Certificates (face value Rs 10/-)		Rupees	
Modaraba				
B.R.R. Guardian Modaraba	1,982	-	20,791	-
Real Estate Investment				
Dolmen City REIT	105,500	105,500	1,426,360	1,162,610
Chemicals				
United Distributors (Pakistan) Limited	396,419	396,303	12,685,408	19,914,226
Sitara Peroxide Limited	34,500	34,500	491,970	976,005
Textile Composite				
International Knitwear Limited	832,153	832,153	8,321,530	11,949,717
United Brands Limited	219,570	219,570	3,809,540	6,723,233
Rupali Polyster Limited	100,000	-	3,800,000	-
Nishat Mills Limited	25,000	25,000	1,847,750	2,332,500
Power Generation & distribution				
K-Electric Limited	374,500	374,500	1,138,480	1,565,410
Fixed Line Telecommunication				
Worldcall Telecom Limited	195,000	195,000	259,350	772,200
	<u>3,646,994</u>	<u>3,680,902</u>	<u>105,826,135</u>	<u>186,506,737</u>

	Note	2022	2021
		Rupees	
9 DIMINISHING MUSHARAKAH FINANCING			
Secured			
Diminishing Musharakah Financing	9.1	138,818,085	113,123,792
Less: Provision for expected credit loss	9.2	(1,365,469)	(354,270)
		<u>137,452,616</u>	<u>112,769,522</u>
Less: Current portion		(44,251,358)	(32,884,169)
		<u>93,201,258</u>	<u>79,885,354</u>
Add: Advance against Diminishing Musharakah Financing		-	21,164,495
	9.3	<u>93,201,258</u>	<u>101,049,849</u>

- 9.1** This represents Musharakah Finance for a term of 1 to 5 years. The profit rates on the financing ranges from 13% to 22% (2021: 10% and 15%) per annum. All Diminishing Musharakah arrangements are secured against title documents, personal guarantees and promissory notes.

Notes to the Financial Statements

for the year ended June 30, 2022

	Note	2022	2021
		← Rupees →	
9.2 Movement of provision in respect of Diminishing Musharaka			
Opening balance		354,270	115,285
Charge for the year		1,011,199	238,985
Closing balance		<u>1,365,469</u>	<u>354,270</u>

9.3 Classification

Considered good	91,835,789	100,695,579
Other assets specifically mentioned	1,365,469	354,270
	<u>93,201,258</u>	<u>101,049,849</u>

10 LONG TERM DEPOSITS

Related party	10.1	735,000	735,000
Others		649,350	649,350
		<u>1,384,350</u>	<u>1,384,350</u>

10.1 Represents security deposits paid by the Modaraba on behalf of the Management Company for head office rental property.

	Note	2022	2021
		← Rupees →	
11 INVESTMENTS			
Term deposit receipts - at amortized cost	11.1	232,000,000	150,000,000
Listed securities - at FVTPL	11.2	15,693,994	30,728,871
		<u>247,693,994</u>	<u>180,728,871</u>

11.1 Represent investments in term deposit receipts (TDR) with Islamic banks with expected profit ranging from 11.2% to 12.5% (2021: 3.5% to 6.5%) per annum having maturity in August 2022.



Notes to the Financial Statements

for the year ended June 30, 2022

11.2 At FVTPL

	2022	2021	2022	2021
	Number of Shares / Certificates (face value Rs 10/-)		Rupees	
Oil & Gas Exploration/Marketing				
Oil And Gas Development Company Limited	28,000	28,000	2,202,760	2,660,840
Pakistan Oilfields Limited	-	10,000	-	3,938,600
Pakistan State Oil Limited	10,000	10,000	1,718,400	2,242,500
Engineering				
Huffaz Seamless Pipe Industries Limited	23,500	23,500	235,000	340,515
Pharma & Bio Tech				
Abbott Laboratories (Pakistan) Limited	100	100	65,464	79,236
Construction And Material				
Power Cement Ltd. Preference Shares	-	110,359	-	1,269,129
Food and Personal Care Products				
Gillette Pakistan Limited	91,000	91,000	11,472,370	20,198,051
	<u>152,600</u>	<u>272,959</u>	<u>15,693,994</u>	<u>30,728,871</u>

Note 2022 2021
Rupees

12 ADVANCES

Employees	4,481,355	2,112,535
Others	103,100	532,827
	<u>4,584,455</u>	<u>2,645,362</u>

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments	2,757,154	1,230,575
Security deposits	13,000	13,000
Accrued profit	4,667,178	1,629,415
Receivable from brokers	21,590,071	-
Others	253,757	132,201
	<u>29,281,160</u>	<u>3,005,191</u>

14 CASH AND BANK BALANCES

Cash in hand	650	55,695
Cash at bank		
- Current accounts	17,937,993	14,584,499
- Profit bearing accounts	14.1 19,288,368	95,131,740
	<u>37,227,011</u>	<u>109,771,934</u>

14.1 These carry profit ranging between 3 % to 6 % (2021: 3% to 6%) per annum.



Notes to the Financial Statements

for the year ended June 30, 2022

15 NON CURRENT ASSET HELD FOR SALE

During the year, the Modaraba has disposed off the previously classified 'non-current assets held for sale' and has received full consideration there against, amounting to Rs. 230,000,000 resulting in a gain of Rs. 93,551,519.

16 CERTIFICATE CAPITAL

2022 Number of certificates	2021 Number of certificates		2022 ← Rupees →	2021 →
<u>50,000,000</u>	<u>50,000,000</u>	Authorized certificate capital Modaraba certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>
		Issued, subscribed and paid-up capital		
17,668,885	17,668,885	Modaraba certificates of Rupees 10 each fully paid-up in cash	176,688,850	176,688,850
17,451,663	17,451,663	Modaraba certificates issued as fully paid-up bonus certificates	174,516,630	174,576,630
<u>35,120,548</u>	<u>35,120,548</u>		<u>351,205,480</u>	<u>351,205,480</u>

16.1 As at 30 June, 2022 the Management Company held 6,573,781 (2021: 6,573,781) certificates of Rs. 10 each.

17 (DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENTS

	2022 ← Rupees →	2021 →
Market value of investments	105,826,135	186,506,737
Less: Cost of investments	(129,527,985)	(139,682,539)
	<u>(23,701,850)</u>	<u>46,824,198</u>
Opening balance	46,824,198	22,715,043
Surplus transferred to accumulated profit (Deficit) / surplus on revaluation during the year	(6,631,110) <u>(63,894,938)</u> (70,526,048)	(78,167,123) <u>102,276,278</u> 24,109,155
Closing balance	<u>(23,701,850)</u>	<u>46,824,198</u>

17.1 Surplus on revaluation of investments is presented under a separate head below equity as 'surplus on revaluation of investments' in accordance with the requirements of Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017.



Notes to the Financial Statements

for the year ended June 30, 2022

	Note	2022	2021
		← Rupees →	
18 ACCRUED AND OTHER LIABILITIES			
Advance against assets held for sale		-	126,142,445
Charity payable	18.1	122,937	207,769
Provident fund	18.2	139,574	154,574
Management Company's remuneration payable	18.3	9,328,544	3,410,923
Sales tax on the Management Company's remuneration payable	18.3	7,428,720	6,216,009
Sindh Worker's Welfare Fund	18.4	2,923,854	1,268,970
Security deposit for property		6,000,000	6,000,000
Others		1,045,666	11,767,554
		<u>26,989,295</u>	<u>155,168,243</u>
18.1 Opening balance		207,769	284,438
Addition during the year		601,093	625,331
Less: Payments as approved by shariah advisor		(685,925)	(702,000)
Closing balance		<u>122,937</u>	<u>207,769</u>

The Directors of the Management Company do not have any interest in donations made during the year.

	2022	2021
	← Rupees →	
18.2 Provident fund	<u>139,574</u>	<u>154,574</u>

18.2.1 All investments out of the funds of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules for this purpose.

18.3 The Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the year ended June 30, 2022 has been recognized at 10% of profit for the year.

The Sindh Revenue Board (SRB) imposed Sindh Sales Tax (SST) on the Management Company's remuneration with effect from November 01, 2011. However, the Management Company has approached the Honourable High Court of Sindh (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on Management Company's remuneration and a stay was granted by the Honourable Court. As a matter of prudence the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court. Other Modaraba Management Companies have also filed the similar petitions.

Notes to the Financial Statements

for the year ended June 30, 2022

- 18.4 Certain Modarabas received a notice wherein the SRB has advised the Modaraba to pay off all its liabilities falling due under the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act). As per SWWF Act, Workers' Welfare Fund (WWF) levy is required to be paid on total income accruing after December 31, 2013. As the Management Company has a reason to believe that till the time there is any mechanism available for apportionment of total income relevant to the province of Sindh, no SWWF liability to SRB can be paid out. However, the management has recognized the provision in respect of SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015) considering it as prudent.

	Note	2022	2021
		Rupees	
19 UNCLAIMED PROFIT DISTRIBUTIONS			
Opening balance		24,966,072	25,238,691
Add: Dividend payable		73,753,155	-
Less: Dividend paid		(70,419,706)	(272,619)
Closing balance		<u>28,299,521</u>	<u>24,966,072</u>
20 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments as at the year end.			
21 INCOME FROM IJARAH OPERATIONS			
Ijarah rentals		419,564	6,306,961
Gain on disposal of Ijarah assets		-	139,012
		<u>419,564</u>	<u>6,445,973</u>
Less: Depreciation on assets leased out under Ijarah assets	6	(390,814)	(2,605,057)
		<u>28,750</u>	<u>3,840,916</u>
22 INCOME FROM OTHER SOURCES			
Gain on disposal of held for sale assets	15	93,551,519	-
Gain on disposal of fixed assets		459,552	3,687,158
Others		478,908	3,750
		<u>94,489,979</u>	<u>3,690,908</u>

Notes to the Financial Statements

for the year ended June 30, 2022

	Note	2022	2021
		← Rupees →	
23 OPERATING EXPENSES			
Salaries and other staff benefits	23.1,23.2	20,965,272	18,399,640
Travelling and conveyance		2,467,250	1,847,983
Vehicles running and maintenance		1,238,107	1,155,764
Utilities and communication		1,311,715	1,554,441
Printing and stationery		1,134,352	1,168,312
Rent, rates and taxes		446,054	539,294
Repair and maintenance		1,061,858	1,048,205
Legal and professional charges		1,290,075	1,416,489
Share transaction charges		16,000	30,000
Insurance		87,667	380,945
Entertainment		812,361	741,859
Provision for expected credit loss	9.2	1,011,199	238,985
Consultancy fee		249,996	249,996
Fee and subscription		1,076,968	1,140,221
Auditors' remuneration	23.2	1,049,900	400,000
Advertisement		163,140	318,074
Depreciation - Owned assets	6	3,079,925	4,875,837
- Investment property		-	1,767,422
Amortization	7	988,126	988,126
Other expenses		244,822	128,501
		<u>38,694,787</u>	<u>38,390,094</u>

23.1 Remuneration of officers and employees

	2022			2021		
	Officers	Employees	Total	Officers	Employees	Total
	← Rupees →					
Salaries and allowances	11,553,646	7,702,430	19,256,076	10,011,430	6,674,287	16,685,717
Provident fund	466,466	310,978	777,444	439,553	293,036	732,589
Medical expenses	559,051	372,701	931,752	499,076	482,258	981,334
	<u>12,579,163</u>	<u>8,386,109</u>	<u>20,965,272</u>	<u>10,950,059</u>	<u>7,449,581</u>	<u>18,399,640</u>
Number of persons	<u>6</u>	<u>15</u>	<u>21</u>	<u>6</u>	<u>15</u>	<u>21</u>

Certain executives and officers are also provided with free use of vehicles maintained by the Modaraba and fuel allowance.

	2022	2021
	← Rupees →	
23.2 Auditors' remuneration		
Audit fee	300,000	300,000
Half yearly review	50,000	50,000
Other services	600,000	-
Out of pocket expenses	99,900	50,000
	<u>1,049,900</u>	<u>400,000</u>

Notes to the Financial Statements

for the year ended June 30, 2022

		← 2022	2021 →
		Rupees	
24	Taxation		
	Current tax	<u>5,165,675</u>	<u>-</u>
24.1	The provision for current income tax is based on Alternate Corporate Tax @ 17% of accounting profit under section 113C of the Income Tax Ordinance, 2001 ('the Ordinance'). Accordingly reconciliation of tax expense with the accounting profit is not presented.		
24.2	The Modaraba has not recognised net deferred tax asset amounting to Rs. 6.49 million as at June 30, 2022 on net deductible temporary differences aggregating to Rs. 71.86 million as at June 30, 2022 as timing of availability of sufficient taxable profits cannot be determined due to applicability of alternative corporate tax and minimum tax under section 113C and 113 respectively.		
25	EARNING PER CERTIFICATE	2022	2021
	Profit after taxation (Rupees)	<u>75,923,625</u>	<u>29,649,784</u>
	Weighted average number of ordinary certificates outstanding during the year	<u>35,120,548</u>	<u>35,120,548</u>
	Earning per certificate (Rupees)	<u>2.16</u>	<u>0.84</u>
25.1	There is no dilutive potential shares as at the year end.		
26	TRANSACTION WITH RELATED PARTIES		
	The related parties comprise of the Management Company, associates, directors, key management personnel and staff retirement funds of the Modaraba. Transactions with related parties are disclosed in relevant notes.		
27	CAPITAL MANAGEMENT		
	The objective of the Modaraba when managing capital i.e its certificate holder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Modaraba primarily invests in Musharaka, term deposit receipts and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors. As at June 30, 2022 and 2021, the Modaraba had surplus reserves to meet its requirements.		
28	FINANCIAL INSTRUMENTS		
28.1	Financial risk management		
	The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. As at the balance sheet date, the Modaraba is exposed to credit risk, liquidity risk and market risk.		

Notes to the Financial Statements

for the year ended June 30, 2022

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The maximum exposure to credit risk before any credit enhancements at June 30, 2022 is the carrying amount of the financial assets as set out below:

	← 2022	← Rupees	2021 →
Diminishing Musharakah Financing	138,258,886		134,294,520
Investments	353,520,129		367,235,608
Ijarah receivables	-		28,210
Deposits	1,384,350		1,384,350
Advances	4,481,355		2,625,949
Other receivables	4,933,935		1,774,616
Bank balances	37,226,361		109,716,239
	<u>539,805,016</u>		<u>617,059,492</u>

Credit risk ratings

The Modaraba maintains balances with banks and term deposit receipts having reasonably high long term credit rating which are summarized as follows:

				← 2022	← Rupees	2021 →
Banks	Short term	Long term	Agency			
Habib Bank	A1+	AAA	JCR	131,874,457		174,258,573
Bank Islami Pakistan	A1+	A+	PACRA	4,693		4,693
Dubai Islamic Bank	A1+	AA-	JCR	904		344,998
Albaraka Islamic Bank	A1	A	PACRA	72,479,862		22,569,730
Faysal Bank	A1+	AA	PACRA	365,621		1,168,040
Askari Bank	A1+	AA	PACRA	64,461,162		61,330,544
				<u>269,186,699</u>		<u>259,676,578</u>

Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to developments affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic, political or other conditions.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Modaraba's concentration of credit risk by industrial distribution are as follows;

Notes to the Financial Statements

for the year ended June 30, 2022

	2022		2021	
	Rupees	%	Rupees	%
Diminishing Musharakah assets				
Modaraba	3,443,619	1.86%	4,192,273	2.44%
Cargo, Trading & distribution	27,526,335	14.85%	55,483,408	32.34%
Individual	79,702,252	43.01%	81,989,617	47.79%
Others	74,640,984	40.28%	29,899,879	17.43%
	<u>185,313,190</u>	<u>100.00%</u>	<u>171,565,177</u>	<u>100.00%</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

In the case of Modaraba, the liquidity level of Modaraba remained on satisfactory level during the year and Modaraba did not face any difficulty or problem for generation of liquidity.

The financial instruments maturity profile is given below:

	2022	2021
	Upto one year	Upto one year
	← Rupees →	
Financial liabilities		
Security deposits	-	1,406,020
Accrued and other liabilities	26,989,294	25,614,876
Unclaimed profit distributions	28,299,521	24,966,072
	<u>55,288,815</u>	<u>51,986,968</u>

(iii) Market risk

Price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at June 30, 2022, the fair value of equity exposed to price risk was as follows:

	Average Cost	Fair Value	Average Cost	Fair Value
	2022		2021	
	← Rupees →			
Equity investment	<u>139,355,133</u>	<u>121,520,129</u>	<u>150,732,502</u>	<u>217,235,608</u>

Notes to the Financial Statements

for the year ended June 30, 2022

The Modaraba's policy is to manage price risk through diversified and selection of securities and other financial instruments within specified limits set by Investment Committee. The majority of the Modaraba's investments are publicly traded and are valued at the rates provided by stock exchange at which is set as per the trading trend and volumes in the security.

Profit risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows. The Modaraba has lease financing portfolio. The majority of lease financing portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on lease financing portfolio on quarterly/six monthly basis. As at June 30, 2022, the profit of the Modaraba's variable value financial instruments were as follows:

	2022	2021
	← Rupees →	← Rupees →
Assets		
Diminishing Musharakah Financing	137,452,616	133,934,017
Bank deposits	19,288,368	95,131,740
Investments	232,000,000	150,000,000
	<u>388,740,984</u>	<u>379,065,757</u>

An increase of 100 basis points in profit rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset / liability class (Having variable profit rates)	(Increase / Decrease) (+/-)	2022	2021
		← Rupees →	← Rupees →
Assets			
Diminishing Musharakah Financing	100 basis points	1,374,526	1,339,340
Bank deposits	100 basis points	192,884	951,317
Investments	100 basis points	2,320,000	1,500,000

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the subjugated investments and impact on the profit and loss.

28.2 Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external; factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

Notes to the Financial Statements

for the year ended June 30, 2022

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

		2022		
		Rupees		
	Carrying amount / Cost	Level 1	Level 2	Level 3
Financial assets at amortized cost				
Diminishing Musharakah Financing	137,452,616	-	-	-
Diminishing Musharakah Financing installments receivable	806,270	-	-	-
Long term deposits	1,384,350	-	-	-
Investment in term deposit receipts	232,000,000	-	-	-
Ijarah rental receivables	-	-	-	-
Advances	4,584,455	-	-	-
Other receivables	26,524,007	-	-	-
Cash and bank balances	37,227,011	-	-	-
Financial assets at FVTPL				
Investments	15,693,994	15,693,994	-	-
Financial assets at FVOCI				
Long term investments	105,826,135	105,826,135	-	-
Financial liabilities at amortized cost				
Accrued and other liabilities	25,614,876	-	-	-
Unclaimed profit distributions	28,299,521	-	-	-



Notes to the Financial Statements

for the year ended June 30, 2022

		2021 Rupees		
	Carrying amount / Cost	Level 1	Level 2	Level 3
Financial assets at amortized cost				
Diminishing Musharakah financing	133,934,017	-	-	-
Diminishing Musharakah financing installments receivable	599,488	-	-	-
Long term advances and deposits	1,384,350	-	-	-
Investment in term deposits	150,000,000	-	-	-
Ijarah rental receivables	28,210	-	-	-
Advances	17,648,863	-	-	-
Other receivables	1,774,616	-	-	-
Cash and bank balances	109,771,934	-	-	-
Financial assets at FVTPL				
Investments	30,728,871	30,728,871	-	-
Financial assets at FVOCI				
Long term investments	186,506,737	186,506,737	-	-
Financial liabilities at amortized cost				
Security deposits	1,406,020	-	-	-
Accrued and other liabilities	25,614,876	-	-	-
Unclaimed profit distributions	24,966,072	-	-	-

Notes to the Financial Statements

for the year ended June 30, 2022

30 YIELD / PROFIT RATE RISK EXPOSURE

The information about Modaraba's exposure to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:

2022	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
	Within one year	After one year	Sub total	Within one year	After one year	Sub total	
	Rupees						
Financial assets							
Diminishing Musharakah Financing receivable	44,251,358	93,201,258	137,452,616	-	-	-	137,452,616
Diminishing Musharakah Financing installments	-	-	-	806,270	-	-	806,270
Long term investments	-	-	-	-	105,826,135	105,826,135	105,826,135
Long term deposits	-	-	-	1,384,350	-	1,384,350	1,384,350
Investments	232,000,000	-	232,000,000	15,693,994	-	15,693,994	247,693,994
Ijarah rental receivables	-	-	-	-	-	-	-
Advances	-	-	-	4,584,455	-	4,584,455	4,584,455
Other receivables	-	-	-	29,281,161	-	29,281,161	29,281,161
Cash and bank balances	19,288,368	-	19,288,368	17,938,643	-	17,938,643	37,227,011
(A)	295,539,726	93,201,258	388,740,984	69,688,873	105,826,135	174,708,738	564,255,992
Financial liabilities							
Long term security deposits	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	26,989,294	-	26,989,294	26,989,294
Unclaimed profit distributions	-	-	-	28,299,521	-	28,299,521	28,299,521
(B)	-	-	-	55,288,815	-	55,288,815	55,288,815
(A-B)	295,539,726	93,201,258	388,740,984	14,400,057	105,826,135	119,419,922	508,967,177
On-balance sheet gap							

Notes to the Financial Statements

for the year ended June 30, 2022

2021	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
	Within one year	After one year	Sub total	Within one year	After one year	Sub total	
	Rupees						
Financial assets							
Diminishing Musharakah Financing receivable	32,884,169	101,049,848	133,934,017	-	-	-	133,934,017
Diminishing Musharakah Financing installments	-	-	-	599,488	-	599,488	599,488
Long term investments	-	-	-	186,506,737	-	186,506,737	186,506,737
Long term deposits	-	-	-	-	1,384,350	1,384,350	1,384,350
Investments	150,000,000	-	150,000,000	-	30,728,871	30,728,871	180,728,871
Ijarah rental receivables	-	-	-	-	28,210	28,210	28,210
Advances	-	-	-	-	2,645,362	2,645,362	2,645,362
Other receivables	-	-	-	-	1,774,616	1,774,616	1,774,616
Cash and bank balances	95,131,740	-	95,131,740	-	14,640,194	14,640,194	109,771,934
	278,015,909	101,049,848	379,065,757	187,106,225	51,201,603	238,307,828	617,373,585
	(A)						
Financial liabilities							
Long term security deposits	-	-	-	-	-	-	-
Diminishing Musharakah	-	-	-	-	1,406,020	1,406,020	1,406,020
Accrued and other liabilities	-	-	-	29,025,798	-	29,025,798	29,025,798
Unclaimed profit distributions	-	-	-	24,966,072	-	24,966,072	24,966,072
	-	-	-	53,991,870	1,406,020	55,397,890	55,397,890
	(B)						
On-balance sheet gap	278,015,909	101,049,848	379,065,757	133,114,355	49,795,583	182,909,938	561,975,695
	(A-B)						

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.

Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

Notes to the Financial Statements

for the year ended June 30, 2022

31 SEGMENT INFORMATION

	2022			
	Diminishing Musharaka financing	Investments	Other Operations	Total
	← Rupees →			
Segment Results				
Segment income	20,316,717	7,246,375	2,177,826	29,740,918
Other income	-	-	-	112,084,835
Total Income	20,316,717	7,246,375	2,177,826	141,825,753
Unrealized loss re-measurement of investments at FVTPL	-	(9,827,148)	-	(9,827,148)
Operating expenses	(1,011,199)	-	(390,813)	(1,402,012)
Unallocated expenses	-	-	-	(54,672,969)
Profit / (Loss) after taxation	19,305,518	(2,580,773)	1,787,013	75,923,623
Other information				
Capital expenditure	-	-	-	8,258,500
Depreciation and amortization	-	-	390,813	4,458,864
Assets and liabilities				
Segment assets	138,258,886	143,110,200	-	281,369,086
Unallocated assets	-	-	-	326,626,778
Total assets	138,258,886	143,110,200	-	607,995,864
Segment liabilities	-	-	6,000,000	6,000,000
Unallocated liabilities	-	-	-	64,783,639
Total liabilities	-	-	6,000,000	70,783,639



Notes to the Financial Statements

for the year ended June 30, 2022

	2021					
	Diminishing Musharaka financing	Investments	Ijarah operations	Rental property	Others	Total
	Rupees					
Segment Revenues	7,665,645	19,337,611	6,445,973	10,999,892	11,062,166	55,511,287
Segment Results						
Segment income	7,665,645	19,337,611	6,445,973	10,999,892	-	44,449,121
Other income	-	-	-	-	11,062,166	11,062,166
Operating expenses	-	-	(2,605,057)	(1,767,422)	-	(4,372,479)
"Unallocated operating expenses"	-	-	-	-	(37,312,248)	(37,312,248)
	-	19,677,567	-	-	-	19,677,567
Unrealized gain	-	-	-	-	(3,410,923)	(3,410,923)
Management fees	-	-	-	-	-	-
SST on management fees	-	-	-	-	(443,420)	(443,420)
Profit for the year	7,665,645	39,015,178	3,840,916	9,232,470	(30,104,425)	29,649,784
Other information						
Capital expenditure	-	-	-	-	8,998,339	8,998,339
"Depreciation and amortization"	-	-	2,605,055	1,767,422	4,875,837	9,248,314
Assets and liabilities						
Segment assets	134,533,505	367,235,608	1,809,877	134,321,080	-	637,900,070
Unallocated assets	-	-	-	-	158,071,786	158,071,786
Total assets	134,533,505	367,235,608	1,809,877	134,321,080	158,071,786	795,971,856
Segment liabilities	-	-	1,406,020	6,000,000	-	7,406,020
Unallocated liabilities	-	-	-	-	174,227,300	174,227,300
Total liabilities	-	-	1,406,020	6,000,000	174,227,300	181,633,320

Notes to the Financial Statements

for the year ended June 30, 2022

	← 2022	2021 →
	Number	
32 NUMBER OF EMPLOYEES		
Total employees as at the year end	<u>21</u>	<u>21</u>
Average employees during the year	<u>21</u>	<u>21</u>

33 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangement or reclassification has been made in these financial statements during the current year.

34 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors has proposed Final cash dividend for the year ended June 30, 2022 of Rs. 0.90 per certificate i.e. 9%. This is in addition to an interim dividend of Rs. 1/- per certificate i.e. 10% (2021: Rs. 1/- per certificate i.e. 10%) at meeting held on 26 September 2022. The financial statements for the year ended June 30, 2022 do not include the effect of the above which will be accounted for in the period in which it is declared.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 26 September 2022 by the Board of Directors of the Management Company.

For UDL Modaraba Management (Private) Limited
(Management Company)

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Abdul Rahim Suriya



Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2022

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
695	1	to 100	28,044
831	101	to 500	210,226
360	501	to 1000	267,374
1004	1001	to 5000	1,992,227
160	5001	to 10000	1,147,431
84	10001	to 15000	1,055,694
37	15001	to 20000	668,907
37	20001	to 25000	843,712
25	25001	to 30000	688,286
9	30001	to 35000	293,796
11	35001	to 40000	420,417
6	40001	to 45000	256,721
12	45001	to 50000	575,486
7	50001	to 55000	371,349
2	55001	to 60000	115,131
4	60001	to 65000	246,454
5	65001	to 70000	335,115
4	70001	to 75000	293,241
1	75001	to 80000	78,500
3	80001	to 85000	249,019
3	85001	to 90000	265,595
1	90001	to 95000	91,765
8	95001	to 100000	787,951
1	100001	to 105000	104,000
1	105001	to 110000	109,142
3	110001	to 115000	333,263
1	115001	to 120000	116,500
1	130001	to 135000	134,410
1	135001	to 140000	138,000
1	145001	to 150000	149,750
2	150001	to 155000	307,065
2	155001	to 160000	317,054
1	165001	to 170000	167,706
2	200001	to 205000	400,140
1	205001	to 210000	208,643
1	225001	to 230000	226,270
1	230001	to 235000	234,000
1	295001	to 300000	296,421
1	325001	to 330000	328,757
1	350001	to 355000	351,912
1	440001	to 445000	441,073
1	450001	to 455000	452,540
1	465001	to 470000	470,000
1	570001	to 575000	571,890
2	995001	to 1000000	1,996,500
1	1180001	to 1185000	1,185,000
1	1995001	to 2000000	1,997,032
1	2015001	to 2020000	2,015,255
1	4210001	to 4215000	4,212,003
1	6570001	to 6575000	6,573,781
<u>3342</u>			<u>35,120,548</u>

Categories of Certificate Holders

As at June 30, 2022

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage (%)
Directors, Chief Executive Officer and their spouse(s) and minor children			
MAJID HASAN	1	3,969	0.01
SHUJA MALIK	1	2,015,255	5.74
Associated Companies, undertakings and related parties			
NIT & ICP	1	5,842	0.02
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	7	7,725	0.02
Insurance Companies	1	441,073	1.26
Modarabas and Mutual Funds	11	395,582	1.13
General Public			
a. Local	3263	14,795,207	42.13
b. Foreign	17	44,660	0.13
Foreign Companies	1	2,863	0.01
Others	31	1,273,688	3.63
	3342	35,120,548	100.00

Certificate holders holding 10% or more	Shares Held	Percentage
KHALID MALIK	5,397,003	15.37
UDL MODARABA MANAGEMENT (PVT) LTD	6,573,781	18.72

Notice of Annual Review Meeting

Notice is hereby given to the certificate holders of the First UDL Modaraba (“FUDLM”) that the **22nd** Annual Review Meeting of the certificate holders will be held at NBFI & Modaraba Association of Pakistan, Office No. 602, Progressive Centre, 30-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi on Wednesday, October 26, 2022 at 9:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual Review Meeting held on October 27, 2021.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2022 together with the Chairman, Director, Shariah Advisor and independent Auditors reports thereon.
3. To inform certificate holders of declared final cash dividend @9% i.e. Rs.0.90 per certificate for the financial year ended June 30, 2022. In addition to final, an interim dividend @10% i.e. Rs.1-/- per certificate.
4. To inform the certificate-holders regarding the appointment of Auditors and to fix their remuneration for the year ending June 30, 2023. (Subject to approval by the Registrar Modarabas).

Special Business

5. To consider and approve for conversion of FUDLM into a Public Limited Company if thought fit to pass the following proposed resolution with or without modification Statement under Section 134(3) of the Companies Act, 2017.

“RESOLVED that, subject to requisite approval of the Registrar of Modarabas, the Securities and Exchange Commission and approval of the certificate holders, First UDL Modaraba (“FUDLM”) be converted into a public limited company incorporated under the laws of Pakistan, by way of its merger with and into **UDL International Limited** (a company incorporated under the laws of Pakistan solely for the purpose of merger) (“UDIL”).

RESOLVED that the Diminishing Musharika portfolio of FUDLM, shall simultaneously, upon its merger with UDIL, be further hived down to an Investment Finance Services Company, by incorporating a new wholly owned subsidiary company of UDIL i.e. the (Proposed) UDL Financial Services Limited (“UFSL”), or any other name available with SECP.

RESOLVED that merger of FUDLM with and into UDIL and simultaneous hiving down of Diminishing Musharika portfolio to UFSL shall be pursuant to a Scheme of Arrangement to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of Sections 279-283 and 285 of the Companies Act, 2017, read with SRO 840(1)/2017 dated August 17, 2017 (Scheme of Arrangement (Modaraba)), with the surviving entity being, UDIL which will be procured to be listed on PSX under a direct listing process in lieu of amalgamation of FUDLM with and into UDIL.

FURTHER RESOLVED that the Chief Executive or Chief Financial Officer be and is hereby authorized to appoint the legal Counsel and/or accounting consultants and prepare the Scheme of Arrangement for approval of the Board and to implement such changes to the extent required / advised and to process the application(s) / petition(s) for obtaining all requisite consents from competent regulatory authorities, secured creditors, the Registrar of Modarabas, the Securities and Exchange Commission of Pakistan and the High Court of Sindh at Karachi and take all actions necessary or required for implementing the Scheme of Arrangement (Modaraba) in terms thereof and all incidental actions in respect of the same and to make appropriate disclosures to PSX and SECP as required.”



Transfer of Book Closure

1. The certificate holders whose names appear on the register of certificate holders of FUDLM on the close of business as on October 19, 2022 would be eligible to attend the Annual Review Meeting.
2. The Management of the Modaraba has approved the final Cash Dividend @9% i.e. Rs.0.90 per certificate. The certificate transfer books of the Modaraba will remain closed from October 20, 2022 to October 26, 2022 (both days inclusive). Transfers that are received in order at the office of our Registrar, CDC Registrar Services Ltd., CDC House, Shahrah-e-Faisal, Karachi before the close of business hours on Wednesday, October 19, 2022 would be eligible.
3. The Certificate holders of First UDL Modaraba are notified that the annual financial statements for the year ended June 30, 2022 have been uploaded at the company's website <http://www.udl.com.pk>

Karachi
October 05, 2022

-Sd-

By Order of the Board
Syed Aamir Hussain
Company Secretary



اطلاع سالانہ جائزہ اجلاس

فرسٹ یوڈی ایل مضاربہ ("ایف یوڈی ایل ایم") کے سرٹیفکیٹ ہولڈرز کو بذریعہ ہذا اطلاع دی جاتی ہے کہ سرٹیفکیٹ ہولڈرز کا ۲۲واں سالانہ جائزہ اجلاس بمقام این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان، دفتر نمبر ۶۰۲، پروگریسیو سینٹر، ۳۰-اے، بلاک-۶، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی میں بروز بدھ ۲۶ اکتوبر ۲۰۲۲ء کو صبح ۹:۳۰ بجے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا:

عمومی کارروائی

- ۱۔ ۲۷ اکتوبر ۲۰۲۱ء کو منعقد کی جانے والی گزشتہ سالانہ جائزہ اجلاس کی کارروائیوں کی توثیق۔
- ۲۔ ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی حسابات مع ان پرچیز مین، ڈائریکٹر، شریعہ ایڈوائزر اور انڈیپنڈنٹ آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور انہیں رائج کرنا۔
- ۳۔ سرٹیفکیٹس ہولڈرز کو مالی سال ۳۰ جون ۲۰۲۲ء کیلئے اعلان کردہ حتمی نقد منافع منقسمہ بشرح 9% یعنی 0.90 روپے ہر سرٹیفکیٹس کے بارے میں مطلع کرنا ہے۔ یہ اضافی منافع 1/- روپے یعنی 10% کے علاوہ ہے جو تقسیم کیا جا چکا ہے۔
- ۴۔ سرٹیفکیٹس ہولڈرز کو ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال کے لئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کے بارے میں اطلاع دینا۔ (رجسٹر ارمضاربہ کی اجازت سے مشروط)۔

خصوصی کارروائی

- ۵۔ ایف یوڈی ایل ایم کی ایک پبلک لمیٹڈ کمپنی میں منتقلی پر غور اور منظوری، اگر درست تصور کیا جائے تو کمپنیز ایکٹ، ۲۰۱۷ کے سیکشن (۳) ۱۳۴ کے تحت درج ذیل مجوزہ قرارداد کی ترمیم یا بلاتریمیم اسٹیٹمنٹ کی منظوری:
- ”قرار پایا کہ مضاربہ کے رجسٹرار کی مطلوبہ منظوری، سیکورٹیز اینڈ ایکسچینج کمیشن اور سرٹیفکیٹ ہولڈرز کی منظوری سے مشروط فرسٹ یوڈی ایل مضاربہ ("ایف یوڈی ایل ایم") کو پاکستان کے قوانین کے تحت یوڈی ایل انٹرنیشنل لمیٹڈ (پاکستان کے قوانین کے تحت انضمام کے مقصد کیلئے تشکیل دی گئی ایک کمپنی) ("یوڈی آئی ایل") میں انضمام کے ذریعے ایک پبلک لمیٹڈ کمپنی میں تشکیل دے کر منتقل کر دیا جائے۔

قرار پایا کہ ایف یوڈی ایل ایم کے Diminishing Musharika پورٹ فولیو کو اس یوڈی آئی ایل کے ساتھ انضمام کے دوران یوڈی آئی ایل کے ایک نئے مکمل ملکیتی ذیلی ادارے یعنی (مجوزہ) یوڈی ایل فنانشل سروسز لمیٹڈ ("یو ایف ایس ایل") جو کہ ایک انویسٹمنٹ فنانشل سروسز کمپنی ہوگی میں ٹرانسفر کر دیا جائے گا یا اگر یو ایف ایس ایل کا نام دستیاب نہیں ہے تو کوئی اور نام جو ایس ای سی پی میں دستیاب ہو۔

قرار پایا کہ ایف یو ڈی ایل ایم کا یو ڈی آئی ایل میں انضمام اور اس کے ساتھ یو ایف ایس ایل میں Diminishing Musharika پورٹ فولیو کا ٹرانسفر کمپنیز ایکٹ، ۲۰۱۷ کے سیکشن ۲۸۳-۲۷۹ اور ۲۸۵ ساتھ ملا کر پڑھیں ایس آر او ۲۰۱۷/ (۱) ۸۴۰ مورخہ ۱۷ اگست ۲۰۱۷ء کی شرائط کے تحت سندھ ہائی کورٹ بمقام کراچی کی جانب سے منظوری کیلئے پٹیشن کے تحت دائر اسکیم آف ارتجمنٹ کے مطابق (اسکیم آف ارتجمنٹ (مضاربہ)) ایک موجودہ ادارے کے ساتھ بحیثیت یو ڈی آئی ایل کیا جائے گا جو کہ ایف یو ڈی ایل ایم کے یو ڈی آئی ایل کے ساتھ انضمام کے تبادلے میں براہ راست لسٹنگ کے عمل کے تحت پی ایس ایکس میں لسٹ کر لیا جائے گا۔

مزید قرار پایا کہ چیف ایگزیکٹو یا چیف فنانشل آفیسر کو اختیار دیا جائے اور بذریعہ ہذا اختیار دیا جاتا ہے کہ وہ بورڈ کی منظوری کیلئے لیگل کونسل اور/یا اکاؤنٹنگ کنسلٹنٹس کا تقرر کریں اور اسکیم آف ارتجمنٹ تیار کریں اور تمام حق مجاز اور ریگولیٹری اتھارٹیز، سیکورڈ کریڈیٹرز، رجسٹرار آف مضاربہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سندھ ہائی کورٹ بمقام کراچی سے تمام مطلوبہ اجازت نامے حاصل کرنے کیلئے درخواستیں/پٹیشنز داخل کریں اور مطلوبہ/ضروری تبدیلیاں بروئے کار لائیں اور وہ تمام ضروری یا لازمی اقدامات انجام دیں جو اسکیم آف ارتجمنٹ (مضاربہ) کو لاگو کرنے کیلئے درکار ہوں اور اس سلسلے میں تمام اتفاقی اقدامات بروئے کار لائیں اور پی ایس ایکس اور ایس ای سی پی کو مناسب وضاحتیں پیش کریں جیسا کہ ضروری ہوں۔“

کتاب بندش کی منتقلی

- ۱۔ سرٹیفکیٹ ہولڈرز جن کے نام ایف یو ڈی ایل ایم کے سرٹیفکیٹ ہولڈرز کے رجسٹر میں ۱۹ اکتوبر ۲۰۲۲ء کو کاروبار کے اختتام پر موجود ہونگے، سالانہ جائزہ اجلاس میں شرکت کیلئے اہل ہوں گے۔
- ۲۔ مضاربہ کی میٹجمنٹ نے 9% یعنی 0.90 روپے فی سرٹیفکیٹ کے حتمی نقد منافع منقسمہ کی منظوری دے دی ہے۔ سرٹیفکیٹ ٹرانسفر بکس ۲۰ اکتوبر ۲۰۲۲ء تا ۲۶ اکتوبر ۲۰۲۲ء پندرہیں گی۔ حاصل کردہ ٹرانسفرز یعنی منتقلات جو ہمارے رجسٹرار، سی ڈی سی رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، شاہراہ فیصل، کراچی میں بدھ ۱۹ اکتوبر ۲۰۲۲ء کو کاروباری اوقات کار کے اختتام سے قبل موصول ہوں گے انہیں درست تصور کیا جائے گا۔
- ۳۔ فرسٹ یو ڈی ایل مضاربہ کے سرٹیفکیٹ ہولڈرز کو اطلاع دی جاتی ہے کہ ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے لئے سالانہ مالی حسابات کمپنی کی ویب سائٹ <http://www.udl.com.pk> پر اپ لوڈ کر دیئے گئے ہیں۔

-Sd-

حسب الحکم بورڈ
سید عامر حسین
کمپنی سیکریٹری

کراچی:

۵ اکتوبر ۲۰۲۲ء



Statement of Material Facts

Under Section 134(3) of the Companies Act 2017

Special Business

This statement sets out the material facts concerning the special business to be transacted at the ARM of the Modaraba to be held on October 26, 2022.

Agenda Item 5 – Conversion of First UDL Modaraba (FUDLM) into a Public Limited Company

In a meeting of the Board of Directors' held on September 26, 2022, the Board of Directors' of UDL Modaraba Management (Private) Limited has resolved and granted in principle approval for the conversion of FUDLM into a public limited company by way of its merger with and into **UDL International Limited** (a company incorporated under the laws of Pakistan solely for the purpose of merger) ("**UDIL**").

Whereas the Diminishing Musharika portfolio of FUDLM, shall simultaneously, upon its merger with UDIL, be further hived down to an Investment Finance Services Company, by incorporating a new wholly owned subsidiary company of UDIL i.e. the (Proposed) UDL Financial Services Limited ("**UFSL**"), or any other name available with the Securities & Exchange Commission of Pakistan (SECP).

The merger of FUDLM with and into UDIL and simultaneous hiving down of Diminishing Musharika portfolio to UFSL shall be pursuant to a Scheme of Arrangement to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of sections 279-283 and 285 of the Companies Act, 2017, read with SRO 840(1)/2017 dated August 17, 2017 (**Scheme of Arrangement (Modaraba)**), with the surviving entity being, UDIL which will be procured to be listed on PSX under a direct listing process in lieu of amalgamation of FUDLM with and into UDIL, subject to the approval of the Registrar of Modarabas, the Securities & Exchange Commission of Pakistan, the Hon'ble High Court of Sindh at Karachi and other relevant authorities in terms of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Companies Act, 2017 and other laws.

FORM OF PROXY

The Secretary
First UDL Modaraba
1st Floor, Business Enclave,
77-C, 12th Commercial Street,
Off: Kh-e-Ittehad, DHA Phase II (Ext.)
Karachi-75500.

I/We _____

of _____ in the district of _____

being a member of First UDL Modaraba and holder of _____

_____ Certificates as per Certificate Register Folio _____

(No. of Certificate) _____

No. _____ and/or CDC Participant I.D. No. _____

And Sub. Account No. _____ hereby appoint _____

of _____ in the district of _____

or failing him _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the Annual Review Meeting of the Modaraba to be held on October 26, 2022 and at any adjournment thereof.

WITNESSES 1

Signature _____

Name _____

CNIC /Passport No. _____

Address _____

WITNESSES 2

Signature _____

Name _____

CNIC /Passport No. _____

Address _____

The signature should agree with
specimen registered with the
Modaraba.

Signature on Rs. 5/-
revenue stamps

Note :

1. This proxy form duly completed and signed, must be received at the Registered Office of the Modaraba or Share Registrar of the Company, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself /herself is a member of the Modaraba, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Modaraba, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Modaraba.

سکریٹری
فرسٹ یو ڈی ایل مضاربہ
فرسٹ فلور، برنس انکلیو،
12th، 77-C، کمرشل اسٹریٹ، خیابان اتحاد،
یو ڈی ایچ ایف فیز 2، (Ext.) - کراچی - 75500 -

میں / ہم۔۔۔۔۔ برائے۔۔۔۔۔ فرسٹ یوڈی ایل مضاربہ کے ممبر (z) اور۔۔۔۔۔ سرٹیفکیٹس کے
ہولڈر بطور سرٹیفکیٹ رجسٹر فولیو / CDC اکاؤنٹ نمبر۔۔۔۔۔ تقر کرتا ہوں۔۔۔۔۔ فولیو / CDC اکاؤنٹ نمبر۔۔۔۔۔ اور
اور۔۔۔۔۔ شناختی کارڈ / پاسپورٹ نمبر۔۔۔۔۔ جس کے ذریعے۔۔۔۔۔ فولیو / CDC
اکاؤنٹ نمبر۔۔۔۔۔ کا شناختی کارڈ / پاسپورٹ نمبر۔۔۔۔۔ جو مضاربہ کا ممبر بھی ہے میرے / ہمارے پر کسی کے طور پر مجھے / ہمیں
سالانہ ریویو میٹنگ جو 26 اکتوبر 2022 منعقد کی جائے گی میں ووٹ ڈالنے کا اہل ہے۔

گواہان:

----- دستخط -----	----- دستخط -----
----- نام -----	----- نام -----
----- ایڈریس -----	----- ایڈریس -----
----- شناختی کارڈ/ پاسپورٹ نمبر -----	----- شناختی کارڈ/ پاسپورٹ نمبر -----

یہ دستخط مضاربہ کے پاس رجسٹرڈ شدہ
دستخط جیسی ہونی چاہئے

- 1- مینٹگ سے 48 گھنٹے قبل پر کسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو مضاربہ کے رجسٹرڈ آفس یا کمپنی کے شیر رجسٹرار کے پاس جمع کروایا جائے۔
2- کوئی بھی فرد خود سے ممبر کے طور پر کام نہیں کر سکتا جب تک کہ مضاربہ کسی فرد کو ممبر مقرر نہ کرے۔
3- اگر کوئی ممبر ایک سے زائد نمائندہ مقرر کرتا ہے اور ممبر کی جانب سے مضاربہ کو نمائندہ کی ایک سے زائد دستاویز جمع کرواتا ہے تو نمائندہ کی اس طرح کی تمام دستاویزات غیر قانونی تصور ہوں گی۔

- i۔ پراکسی کے لیے دو لوگوں نے گواہی دی وہ جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
- ii۔ پراکسی فارم کے ہمراہ مالاکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
- iii۔ پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ مینٹنگ کے وقت دکھانا ہوگا۔
- iv۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف آئٹمز میں مع ذخفظ کے نمونے پر پراکسی کے ہمراہ (اگر پہلے جمع نہ کیا ہو) مضاربہ میں جمع کروانی ہوگی۔



First UDL Modaraba

1st Floor, Business Enclave, 77-C, 12th Commercial Street,
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Email: info@udl.com.pk Web: www.udl.com.pk