



**First UDL Modaraba**



Annual Report **2019**





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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 (Modarib), 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

Muniff Ziauddin & Co.  
Chartered Accountants

### Bankers

Albarka Bank Limited  
Habib Bank Limited  
Dubai Islamic Bank Limited

### Registrar

CDC Share Registrar Service Ltd.  
Central Depository Company of Pakistan 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-75600

### Tax Advisor

Ford Rohdes Sidat Hyder & Co.  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi-75530.

### Associated Company

UDL Pharmaceuticals Pakistan (Pvt.) Ltd.

### 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

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

Margins started to take a hit with significant dip in prices of stocks and shares, substantial increase in input costs from PKR devaluation against the greenback and higher power tariff from reliance on national grid. Margins were likely to further squeeze down with mounting cost pressures for the pharma operations going forward; a leveraged balance sheet and hefty anticipated balancing, modernization, refurbishment and expansion cost in the environment of high interest rates were likely to be major headwinds to Modaraba profits in future. Moreover, income tax exemptions on manufacturing activities under the modaraba umbrella were withdrawn.

Therefore, the management took a timely decision to discontinue operations of the pharmaceutical division as it was unable to sustain the adverse economic conditions. This difficult decision had to be taken to safeguard the interests of certificate holders and all other stake holders.

The board of directors are constantly fulfilling the responsibilities and meets on a regular basis. The members are also involved in all the material decisions of the Modaraba and has recommended a 10% bonus for its Certificate Holders.

Thanks to Almighty Allah for the blessings He has bestowed and for giving the strength and wisdom to take meaningful business decisions.

-Sd-

Majid Hasan  
Chairman

Date: 26th September'2019.





# 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 Modaraba together with Audited Accounts for the year ended June 30, 2019.

## Financial Results

Year ended  
30.06.19      Year ended  
30.06.18  
(Rupees in thousands)

### Financial results are summarized as under :

Net (Loss) after tax for the year	(54,089)	(7,232)
Add: Un-appropriated (Loss) / profit brought forward	(5,515)	1,717
Add: Transfer from comprehensive income	1,208	-
Net (Loss) and un-appropriated loss carried forward	(58,396)	(5,515)
(Loss) per certificate	(1.86)	(0.25)

## Review of Operations:

During the year, income reduced by 53% from Rs. 75.61 million to Rs. 35.00 million. Main contributing factor was a decline in investment income by Rs. 43.42 million due to a bearish stock market. Another factor has been a decline in income from financial activities by Rs. 8.56 million as a result of cash flow diverted in the previous years into the pharmaceutical operations.

The Modaraba managed to post an operating profit of Rs. 3.05 million as compared to a profit of Rs. 50.39 million, a decline of 94%. Main reason as mentioned-above was due to a sluggish stock market.

Unrealized losses on investments as well as a provision for taxation resulted in a loss from continuing operations of Rs. 0.67 million.

The management has no control over the economic situation of the country; however, it is expecting an improvement in the coming months resulting in a bullish stock market which would enable the Modaraba to cash in on investments, resulting in profits and a better cash flow, enabling diversion of funds in Ijarah and diminishing Musharaka activities. Moreover, as the situation improves, the Modaraba may liquidate its fixed assets, which can result in capital gains and further improve cash flow which would also be diverted in financial activities.

## DISCONTINUED OPERATIONS:

During the year under review loss from discontinued operations is Rs. 53.41 million as compared to Rs. 54.24 million in the same period while it was operational. Loss is mainly due to additional cost incurred while discontinuing operations, like higher discounts, staff settlements, etc.

Due to reduction in income from investments and financial activities and also loss due to discontinued operations, the Modaraba posted a net loss of Rs. 54.08 million as compared to a loss of Rs. 7.23 million in the corresponding period.





# Directors' Report

The Management is satisfied with the decision to discontinue pharmaceutical operations as the rupee has depreciated by over forty percent since January 2018. With the rupee trading at around Rs. 156 against the US dollar and the overall sluggish current economic situation of the country, the impact on the balance sheet of the Modaraba would have been devastating if the management had not decided to discontinue the pharmaceutical operations. Moreover, during the year a tax on manufacturing activities of the Modaraba was also imposed, which would have added to the losses as well.

The management, to the best of its ability has incorporated all losses in the current year and does not expect any future losses from discontinued operations.

## Profit Distribution

The Board of Directors has approved to issue bonus certificates in the proportion of 01 certificates for every 10 certificates held i.e. 10% for the year ended June 30, 2019.

## Shariah Compliance and Audit Mechanism

Under the laws, rules and regulations governing the Modaraba and further as stipulated in the Prospectus, your Modaraba, has tried its best to comply 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, Six 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. Ather Naqi**	6	5*	1
2)	Mr. Majid Hasan	6	6	-
3)	Ms. Farah Queshi	5	5	-
4)	Mr. Shuja Malik	6	6	-
5)	Mr. A. Rahim Suriya	6	5*	1
6)	Mr. Nasir Raza**	1	1	-

\* Leave of absence duly granted by the board.

\*\* Mr Ather Naqi and Nasir Raza had resigned during the year.

## Pattern of Certificate holding:

A Statement showing Pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2019 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, 2019, have been duly complied. The auditors review report is annexed herewith.

## Auditors

The present auditors M/s Muniff Ziauddin & 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, 2020.

## 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 to 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'2019.



## ڈائریکٹرز کی رپورٹ

یو ڈی ایل مضاربہ منجمنٹ (پرائیویٹ) لمیٹڈ (مضاربہ کی منجمنٹ کمپنی) کے بورڈ آف ڈائریکٹرز، کی جانب سے مضاربہ کی سالانہ رپورٹ کے ساتھ 30 جون، 2019 کو ختم ہونے والے سال کے آڈٹ شدہ اکاؤنٹس بھی سرٹیفکیٹ ہولڈرز کے سامنے پیش کیے جا رہے ہیں۔

اختتام سال	اختتام سال
30 جون 18	30 جون 19
(ہزار روپے میں)	

### مالیاتی نتائج:

مالی نتائج کا خلاصہ حسب ذیل ہے۔

(7,232)	(54,089)
1,717	(5,515)
-	1,208
(5,515)	(58,396)
(0.25)	(1.86)

سال کے دوران حتمی (نقصان)

جمع: ان اپروپری ایٹڈ (نقصان) / براڈ فارورڈ منافع

جمع: جامع آمدنی سے ٹرانسفر

حتمی (نقصان) اور کیری فارورڈ نقصان

حتمی نقصان فی سرٹیفکیٹ (EPS)

### آپریشنز کا جائزہ:

سال کے دوران، آمدنی میں 53 فی صد تک کمی واقع ہوئی جو 75.61 ملین روپے سے کم ہو کر 35.00 ملین روپے ہو گئی جس کی بنیادی وجہ اسٹاک مارکیٹ میں مندی کا رجحان تھا جہاں سرمایہ کاری میں آمدنی میں 43.42 ملین روپے کمی واقع ہو گئی۔ آمدنی میں کمی کی ایک اور اہم وجہ اجارہ / ڈی ایم میں 8.56 ملین روپے کمی کی ہونے کی وجہ سے بھی ہوئی کیونکہ گزشتہ برسوں کے دوران کیش فلو کا رخ فارماسیوٹیکل کاروبار کی جانب موڑ دیا گیا تھا۔

مضاربہ کا آپریشنل منافع اس سال 94 فی صد کی کمی کے ساتھ 3.05 ملین روپے ہو گیا جو کہ گزشتہ سال کے اس عرصے کے دوران 50.39 ملین روپے تھا، جیسا کہ اوپر بتایا جا چکا ہے کہ اس کمی کی بنیادی وجہ اسٹاک مارکیٹ میں مندی کا رجحان تھا۔

سرمایہ کاری پر Unrealised نقصان اور ٹیکس کے لیے پرووژن کے نتیجے میں Continuing آپریشنز سے ہونے والا نقصان 0.67 ملین روپے رہا۔

منجمنٹ کو ملک کی معاشی صورتحال پر تو کوئی اختیار نہیں ہے تاہم اس کو آنے والے مہینوں کے دوران بہتری کی توقعات ہیں، جس کے نتیجے میں اسٹاک مارکیٹ میں تیزی آسکتی ہے جس پر مضاربہ اپنی سرمایہ کاری پر آمدنی حاصل کرنے کے قابل ہوگا اور جس کے نتیجے میں منافع اور کیش فلو بہتر ہوگا اور مضاربہ اپنے فنڈز کو اجارہ اور مشارکہ کی سرگرمیوں میں لگانے کی پوزیشن میں ہوگا۔

## ڈائریکٹرز کی رپورٹ

### معطل آپریشنز:

زیر جائزہ سال کے دوران معطل آپریشنز سے ہونے والے نقصان 53.41 ملین روپے رہے جو کہ اس سے پہلے سال کے اسی عرصے کے دوران 54.24 ملین روپے تھے جب فارماسیوٹیکل کاروبار تھا۔ معطل آپریشنز کے دوران یہ نقصان اضافی لاگت ہونے کی وجہ سے ہوئے جیسا کہ اضافی ڈسکاؤنٹ اور اسٹاف کی سیٹلمنٹ وغیرہ۔

سرمایہ کاری اور اجارہ/ڈی ایم سرگرمیوں پر ہونے والی آمدنی میں کمی اور معطل آپریشنز کی وجہ سے نقصان کی وجہ سے مضاربہ کو اس سال کے دوران 54.08 ملین روپے کا حتمی نقصان ہوا جبکہ گزشتہ سال کے اسی عرصے کے دوران یہ نقصان 7.23 ملین روپے تھا۔

مینجمنٹ کو فارماسیوٹیکل آپریشنز معطل کرنے پر مکمل اطمینان ہے کیونکہ یہ فیصلہ اس لیے کیا گیا تھا کہ روپے کی قدر میں جنوری 2018 سے 40 فی صد کی کمی ہو چکی تھی، روپیہ امریکی ڈالر کے مقابلے میں 156 روپے پر ٹریڈ کر رہا ہے اور ملک میں معاشی صورتحال خراب ہو رہی ہے اور اگر اس وقت مضاربہ کی مینجمنٹ فارماسیوٹیکل آپریشنز کو معطل کرنے کا فیصلہ نہ کرتی تو مضاربہ کی مالی حالت بہت زیادہ خراب ہونے کا خدشہ تھا، مزید برآں، اسی سال کے دوران مضاربہ کی مینیجنگ سرگرمیوں پر ٹیکس لگادیا گیا تھا جس کی وجہ سے نقصان مزید بڑھ سکتا تھا۔

مینجمنٹ نے اپنی بہترین استعداد کے مطابق تمام نقصان اسی سال میں ظاہر کر دیے ہیں اور مستقبل میں معطل آپریشنز کی وجہ سے کسی نقصان کی توقع نہیں ہے۔

### منافع کی تقسیم:

بورڈ آف ڈائریکٹرز نے 30 جون 2019 کے لیے 10 سرٹیفکیٹ کے مقابلے میں ایک سرٹیفکیٹ کی شرح سے یعنی 10 فی صد کے حساب سے بونس سرٹیفکیٹ جاری کرنے کی منظوری دی ہے۔

### شریعہ کمپلائنس اور آڈٹ میکنزم:

مضاربہ کو چلانے کے لیے موجود اور پروسیچرل میں دیے گئے قوانین، رولز اور ریگولیشنز کی روشنی میں آپ کے مضاربہ نے شریعہ گائیڈ لائن اور آڈٹ میکنزم کو مکمل طور پر نافذ کیے رکھا جس کی تصدیق شریعہ ایڈوائزر نے اپنی رپورٹ میں بھی کی ہے۔

### کارپوریٹ گورننس:

مضاربہ نے ایس ای سی پی کی جانب متعارف کرائے جانے والے کوڈ آف کارپوریٹ گورننس کو مکمل طور پر نافذ کیے رکھا ہے۔

- مالیاتی رپورٹ کی تیاری میں مضاربہ کی مینجمنٹ نے اپنے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی سمیت اپنے تمام معاملات کو بالکل درست انداز میں پیش کیا ہے۔
- مضاربہ کے اکاؤنٹس کی کتابیں بالکل درست طریقے سے تیار کی گئی ہیں۔
- مالیاتی رپورٹ تیار کرنے کے لیے اپروپری ایٹ اکاؤنٹنگ پالیسیوں کو مسلسل نافذ کیا گیا ہے اور اکاؤنٹنگ کے اندازے مناسب فیصلوں کی بنیاد پر کیے گئے ہیں۔
- مالیاتی رپورٹ تیار کرنے کے لیے مضاربہ کے لیے قابل عمل تمام انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کو اختیار کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم اپنے مضبوط ڈیزائن پر قائم ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی بھی کی گئی ہے۔
- مضاربہ کو اپنے معاملات کو جاری رکھنے کے لیے اس کی صلاحیتوں میں کوئی شبہ نہیں ہے۔
- لسٹنگ ریگولیشنز میں دی گئی تفصیلات کے مطابق بیسٹ پریکٹسز اینڈ کارپوریٹ گورننس کے اصولوں سے کہیں بھی روگردانی نہیں کی گئی ہے۔
- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے اہل خانہ اور بچوں کی جانب سے سال کے دوران کمپنی کے شیئرز میں اگر کوئی ٹریڈنگ کی گئی ہے تو اس بابت پاکستان اسٹاک ایکسچینج کو بروقت مطلع کر دیا گیا ہے۔

# ڈائریکٹرز کی رپورٹ

## آڈٹ کمیٹی:

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور کمیٹی کے مندرجہ ذیل ارکان نے شرکت کی، کمیٹی کے ارکان درج ذیل ہیں:

- 1- جناب اے رحیم سوریہ چیئرمین
- 02- جناب ماجد حسن ممبر
- 03- محترمہ فرح قریشی ممبر
- 04- جناب اقبال احمد سیکریٹری

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

## بورڈ کے اجلاسوں میں شرکت:

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے 06 اجلاس منعقد ہوئے جن میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی:

نمبر شمار	ڈائریکٹر کا نام	میٹنگز کی تعداد	میٹنگز میں شرکت کی تعداد	رخصت یا غیر حاضری
(1)	جناب اطہر نقی	06	05*	01
(2)	جناب ماجد حسن	06	06	-
(3)	محترمہ فرح قریشی	05	05	-
(4)	جناب شجاع مالک	06	06	-
(5)	جناب اے رحیم سوریہ	06	05*	01
(6)	جناب ناصر رضا**	01	01	-

\* غیر حاضری کی رخصت بورڈ کی جانب سے منظوری دی گئی۔

\*\* جناب اطہر نقی اور ناصر رضا سال کے دوران مستعفی ہو گئے تھے۔

## سرٹیفکیٹ ہولڈنگ کا پیٹرن:

30 جون 2019 کے سال کے لیے مضاربہ کی سرٹیفکیٹ ہولڈنگ کے پیٹرن کو ظاہر کرنے والی اسٹیٹمنٹ اور اضافی معلومات اس رپورٹ میں شامل ہیں۔

## بیسٹ پریکٹسز کے نفاذ کی اسٹیٹمنٹ:

بورڈ بخوشی یہ بیان کرتا ہے کہ 30 جون 2019 کو ختم ہونے والے سال کے لیے کوڈ سے متعلق تمام پروڈن کو مکمل طور پر لاگو کیا گیا ہے۔ آڈیٹر کی جائزہ رپورٹ اس کے ساتھ منسلک ہے۔



## ڈائریکٹرز کی رپورٹ

### آڈیٹرز:

موجودہ آڈیٹرز میسرز منیف ضیا الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سکدوش ہو چکے ہیں اور دوبارہ تقرری کی اہلیت رکھنے کی وجہ سے ان کی دوبارہ تقرری کے لیے پیش کش کی گئی ہے، بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر 30 جون 2020 کو ختم ہونے والے سال کے لیے مضاربہ کے آڈیٹرز کے لیے ان کی دوبارہ تقرری کی منظوری دے دی ہے۔

### اعتراف:

بورڈ آف ڈائریکٹرز اس موقع پر رجسٹرار مضاربہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ایس سی پی) اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کے دیگر آفیشلز کی جانب سے فراہم کی جانے والی مسلسل رہنمائی اور معاونت پر ان سب کا شکریہ ادا کرتا ہے۔

بورڈ اپنے تمام سرٹیفکیٹ ہولڈرز کا بھی شکریہ ادا کرتا ہے جنہوں نے مضاربہ پر ٹرسٹ اور اعتماد کیا، بورڈ کی جانب سے مینجمنٹ اور اسٹاف ممبرز کی لگن اور محنت پر ان کا بھی شکریہ ادا کیا جاتا ہے۔

بورڈ کی جانب سے

شجاع مالک

چیف ایگزیکٹو

26 ستمبر 2019





# Six Years Financials

## Balance Sheet Summary

(Rs. in million)

Year Ended June 30,	2014	2015	2016	2017	2018	2019
				— Restated —		
<b>EQUITY</b>						
Issued, subscribed & paid up capital	263.87	263.87	263.87	263.87	263.87	290.25
Statutory Reserve	215.33	245.66	252.53	259.03	259.03	232.65
Revenue Reserve and unappropriate profit	98.69	121.20	126.63	30.74	(5.51)	(58.36)
<b>Total Equity</b>	<b>577.89</b>	<b>630.73</b>	<b>643.03</b>	<b>466.507</b>	<b>517.388</b>	<b>464.50</b>
(Deficit) / surplus on revaluation of investments	-	-	-	167.14	70.81	(24.43)
<b>LIABILITIES</b>						
Customer Security Deposit	60.84	42.31	33.704	19.221	10.310	11.09
Other Deferred Liabilities	104.01	104.01	104.01	-	-	-
<b>Current Liabilities</b>						
Current maturity of Long term Security Deposit	50.20	36.47	44.254	23.208	14.390	5.494
Other Current Liabilities	35.80	53.931	55.371	93.964	83.535	36.895
<b>Total Liabilities</b>	<b>250.85</b>	<b>236.721</b>	<b>237.339</b>	<b>136.394</b>	<b>108.237</b>	<b>53.48</b>
<b>Total Equity &amp; Liabilities</b>	<b>828.74</b>	<b>867.458</b>	<b>880.369</b>	<b>857.182</b>	<b>696.439</b>	<b>493.56</b>
<b>ASSETS</b>						
Investment property	-	-	-	-	-	73.92
Intangible Assets	2.69	2.38	2.089	1.79	2.10	4.80
Assets Leased Out	273.71	207.94	219.812	136.057	71.138	26.572
Assets in own use - Tangible	190.56	184.795	170.430	174.874	178.155	98.813
Long Term Investment	136.78	233.63	224.35	300.97	202.366	168.84
Other Long Term Assets	0.14	0.14	0.877	0.90	2.83	1.37
Capital Work in Progress	-	-	5.960	-	-	-
Diminishing Musharka Financing	-	-	-	39.280	32.843	39.46
	603.88	628.258	623.526	653.873	489.423	413.78
<b>Current Assets</b>						
Stock	10.40	18.952	21.952	26.438	42.598	-
Musharka	8.75	0.500	0.500	-	-	-
Short Term Investments	48.50	40.245	42.858	33.179	39.966	6.50
Other Current Assets	34.33	86.112	43.12	52.103	68.591	38.46
Cash & Bank Balances	122.88	93.391	148.389	91.589	55.860	34.82
<b>Total Current Assets</b>	<b>224.86</b>	<b>239.200</b>	<b>256.852</b>	<b>203.309</b>	<b>207.015</b>	<b>79.78</b>
<b>Total Assets</b>	<b>828.74</b>	<b>867.458</b>	<b>880.372</b>	<b>857.182</b>	<b>696.439</b>	<b>493.56</b>



# Income Statement Highlights

(Rs. in million)

Year Ended June 30,	2014	2015	2016	2017	2018	2019
				— Restated —		
Lease	31.91	26.55	20.15	23.23	18.766	8.66
Musharika	3.45	3.93	4.00	3.50	-	-
Diminishing Musharaka	-	-	-	2.77	7.534	9.08
Capital Gain on Investment	72.35	61.77	82.89	34.49	47.843	4.42
Sales - Pharma	17.95	22.64	61.91	145.42	-	-
Rental property	-	-	-	-	-	10.00
Other	8.08	10.48	6.17	15.75	1.469	2.85
<b>Total Income</b>	<b>133.74</b>	<b>125.37</b>	<b>175.13</b>	<b>225.16</b>	<b>75.612</b>	<b>35.00</b>
<b>EXPENSES</b>						
Operating	40.53	48.622	48.15	53.30	22.57	29.48
Cost of goods sold - Pharma	31.98	45.15	71.05	100.46	-	-
Selling & distribution	13.72	31.76	22.72	77.21	-	-
Financial	0.03	0.10	0.13	0.11	2.65	2.47
<b>Total Expenses</b>	<b>86.26</b>	<b>125.632</b>	<b>142.08</b>	<b>231.09</b>	<b>25.22</b>	<b>31.95</b>
Share of Profit from Associates	24.47	12.60	-	-	-	-
Unrealized gain on investments	7.05	1.84	6.44	(5.36)	(2.622)	(3.35)
Gain on settlement of liability	-	-	-	51.58	-	-
Profit / (Loss) before Management Fee	79.00	169.77	39.49	40.29	47.77	(0.29)
Less:- Management Fee & Other	10.56	20.03	5.16	7.76	-	-
Profit before Taxation	68.44	149.74	34.33	32.53	47.77	(0.29)
<b>Less:- Taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.76)</b>	<b>(0.38)</b>
<b>Loss after taxation from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(54.24)</b>	<b>(53.41)</b>
<b>Net Profit / (Loss)</b>	<b>68.44</b>	<b>149.74</b>	<b>34.33</b>	<b>32.53</b>	<b>(7.232)</b>	<b>(54.09)</b>
<b>APPROPRIATIONS</b>						
Final Dividend	55.41	65.96	26.38	29.03	-	-
Statutory Reserve	13.68	29.94	6.87	6.51	-	(26.39)
Break-up value per Certificates (Rs.)	21.90	23.90	24.36	20.98	19.66	16.00
Market Price on 30th June (Rs.)	18.78	24.78	19.50	37.70	18.65	6.24
Dividend per Certificate (Rs.)	2.10	4.50	1.00	1.10	-	-
Earning Per Certificate (Rs.)	2.59	5.67	1.30	1.23	(0.25)	(1.86)
Current Ratio (X)	2.60	2.64	2.50	1.74	2.11	1.88
Net Profit margin (%)	26.65	65.39	19.60	14.45	(9.56)	(154.52)
Return on Equity (%)	11.84	23.74	5.40	4.51	(1.40)	(11.64)
Return on Investment (%)	56.06	84.66	33.43	8.72	18.66	0.61
Dividend Payout (%)	80.96	79.36	76.85	89.22	-	-





# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with Listed Companies (Code of Corporate Governance) Regulations, 2017. Regardless of the fact that UDL Modaraba Management Limited, the Management Company of First UDL Modaraba ('the Modaraba'), is an unlisted public limited company, the Board of Directors of the Management Company are pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba). UDL Modaraba Management Limited ('the Management Company') 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
Non Executive Directors	Mr. Abdul Rahim Suriya Ms. Farah Qureshi
Executive Director	Mr. Shuja Malik

- 3. The directors have confirmed that none of them is serving as a director on more than five 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 of Directors of the Management Company / certificate holders of the Modaraba, (wherever applicable), 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.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee:

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

HR and Remuneration Committee:

<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 quarterly meetings of the committee were as per following:
  - a) Audit Committee 4 Meetings
  - b) HR and Remuneration Committee 4 Meetings
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 Company 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other 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.

-Sd-

Shuja Malik  
Chief Executive Officer  
Karachi: 26th September, 2019





**Muniff Ziauddin & Co.**  
**Chartered Accountants**  
An independent member firm of BKR International

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of First UDL Modaraba

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of **UDL MODARABA MANAGEMENT (PRIVATE) LIMITED**, the Management Company of **FIRST UDL MODARABA** (the Modaraba) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Management Company of the Modaraba. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulation and report if it does not and to highlight any non-compliance with the requirements of the Regulation. 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 Regulation.

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 of Directors' 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 Regulation require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and whether the related party transactions were undertaken at arm's length price or not.

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 Modaraba's compliance, in all material respects, with the requirements contained in Regulations applicable to the Modaraba for the year ended June 30, 2019.

-Sd-

**MUNIFF ZIAUDDIN & CO**  
**CHARTERED ACCOUNTANTS**  
(Muhammad Moin Khan)

**KARACHI:**  
Date: 26th Sep, 2019

Business Executive Centre, F/17/3, Block 8, Clifton, Karachi-75600 (Pakistan)  
Tel: 92-21-35375127-8 35872283, Fax: 92-21-35820325, Email: info@mzco.com.pk URL: www.mzco.com.pk  
Other Offices: Lahore & Islamabad





## Muniff Ziauddin & Co.

### Chartered Accountants

An independent member firm of BKR International

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#### INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First UDL Modaraba** (the Modaraba) as at **June 30, 2019** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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 (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 First UDL 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;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business and
  - iii) the business conducted, investment 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, cash flow statement and statement of changes in equity 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

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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 June 30, 2019 and of the loss, its cash flows and changes in equity for the year then ended; and

d) In our opinion, no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

-Sd-

KARACHI

Date: 26th Sep, 2019

**MUNIFF ZIAUDDIN & CO**  
**CHARTERED ACCOUNTANTS**  
(Muhammad Moin Khan)





## 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-6-19

Date: 26-9-19

### **Annual Shari'ah Review Report of First UDL Modaraba (FUDLM) For the year ended June 30, 2019**

*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, 2019 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- 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 session has been attended by staff members of the Modaraba 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.

#### **Charity:**

An amount of Rs. 555,738/- was collected on account of non-timely payments by customers and through dividend purification. And amount of Rs.119,000/- was paid on account of charity with the approval of concerned Shari'ah Advisor so far.



**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, except the shares of the companies turned non Shari'ah Compliant as per last accounts due to non compliance with screening criteria of amounting to Rs.5,489,622/-. On my query, the management confirmed to dispose off all the Non Shari'ah Compliant Shares accordingly in the subsequent months.
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. Non Shari'ah compliant Shares should be disposed off as early as possible.
2. 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.
3. 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 Shar'iah 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

Dated: September 26th, 2019.





# FINANCIAL STATEMENTS

for the year ended June 30, 2019



# Balance Sheet

as at June 30, 2019

		Restated		
	Note	2019	2018	2017
			Rupees	
ASSETS				
Non-current assets				
Fixed assets - tangible	6	125,390,748	249,293,269	310,930,722
Capital work in process		-	300,000	-
Investment property	7	73,922,539	-	-
Intangibles assets	8	4,796,875	2,095,250	1,789,000
Long term investments	9	168,842,480	202,366,014	300,971,610
Diminishing Musharaka financing	10	39,460,091	32,843,265	39,279,517
Long term deposits		1,367,350	2,525,750	902,100
Total non-current assets		413,780,083	489,423,548	653,872,949
Current assets				
Ijarah rental receivables	11	601,977	721,928	93,125
Stocks	12	-	42,598,618	26,438,004
Trade debts	13	1,694,374	25,013,246	9,893,928
Diminishing musharaka financing - current portion	10	23,381,616	19,718,751	11,952,991
Diminishing musharaka financing - Receivable		902,296	356,749	97,452
Investments	14	6,497,829	39,966,822	33,179,306
Advances	15	8,949,112	17,137,822	23,440,364
Prepayments and other receivables	16	2,933,308	5,641,594	6,624,695
Cash and bank balances	17	34,816,921	55,860,220	91,589,475
Total current assets		79,777,432	207,015,750	203,309,339
Total assets		493,557,515	696,439,298	857,182,288
EQUITY AND LIABILITIES				
Certificate holders' equity				
Certificate capital	18	290,252,470	263,865,890	263,865,890
Statutory reserves	19	232,650,806	259,037,386	259,037,386
Unappropriated (loss)/profit		(58,395,778)	(5,514,600)	30,742,727
Total equity		464,507,498	517,388,676	553,646,003
(Deficit) / surplus on revaluation of investments	20	(24,432,463)	70,813,523	167,142,050
Non-current Liabilities				
Long term security deposits	21	9,525,320	10,310,476	19,220,856
Diminishing musharaka	22	1,567,704	-	-
Total non-current liabilities		11,093,024	10,310,476	19,220,856
Current Liabilities				
Current portion of security deposits	21	5,494,124	14,390,692	23,208,892
Current portion of diminishing musharaka	22	2,687,448	-	-
Payable to International Finance Corporation		-	-	52,433,740
Payable to management company		-	-	3,708,177
Trade creditors		92,434	3,036,717	-
Tijarah financing		-	30,000,000	-
Accrued and other liabilities	23	7,844,294	23,395,395	37,822,569
Unclaimed profit distributions		26,271,156	27,103,819	-
Total current liabilities		42,389,457	97,926,623	117,173,378
Total liabilities and equity		493,557,515	696,439,298	857,182,288
CONTINGENCIES AND COMMITMENTS				
24				

The annexed notes 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  
Farah Qureshi

-Sd-  
Director  
A. Rahim Suriya





# Profit & Loss Account

for the year ended June 30, 2019

	Note	2019	2018
		← Rupees →	
<b>Revenue from:</b>			
- Ijarah operations	25	8,657,867	18,766,112
- Diminishing Musharaka		9,076,594	7,534,269
- Investments	26	4,418,132	47,843,143
- Rental property	27	10,000,000	-
- Other sources	28	2,851,830	1,469,398
		<b>35,004,423</b>	<b>75,612,922</b>
<b>Expenses</b>			
Operating	29	29,478,766	22,570,403
Financial charges	30	2,473,157	2,650,594
		<b>31,951,923</b>	<b>25,220,997</b>
<b>Operating Profit</b>		<b>3,052,499</b>	<b>50,391,925</b>
Unrealized loss on re-measurement of investments at fair value through profit or loss		(3,346,838)	(2,622,368)
<b>(Loss) / profit before tax</b>		<b>(294,339)</b>	<b>47,769,557</b>
Provision for taxation	31	(382,329)	(756,129)
<b>(Loss) / profit after taxation from continuing operations</b>		<b>(676,668)</b>	<b>47,013,427</b>
Loss after taxation from discontinued operation	32	(53,413,264)	(54,245,507)
Modaraba management company's remuneration		-	-
Services sales tax on management company's remuneration		-	-
<b>Loss after taxation</b>		<b>(54,089,932)</b>	<b>(7,232,079)</b>
<b>Loss per certificate - basic and diluted</b>	33		Restated
(Loss) / earnings per certificate from continuing operations		(0.02)	1.62
Loss per certificate from discontinued operations		(1.84)	(1.87)
<b>Loss per certificate net - basic and diluted</b>		<b>(1.86)</b>	<b>(0.25)</b>

The annexed notes form an integral part of these financial statements.

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

-Sd-  
Chief Financial Officer  
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Shuja Malik

-Sd-  
Director  
Farah Qureshi

-Sd-  
Director  
A. Rahim Suriya







# Statement of Comprehensive Income

for the year ended June 30, 2019

	← 2019	2018 →
	Rupees	
<b>Loss after taxation</b>	(54,089,932)	(7,232,079)
Components of other comprehensive income reflected in unappropriated loss	-	-
<b>Total comprehensive loss for the year transferred to unappropriated loss</b>	<u>(54,089,932)</u>	<u>(7,232,079)</u>
<b>Components of other comprehensive income reflected below equity</b>		
<b>Items that will be reclassified to profit and loss account on disposal</b>		
Unrealized loss on re-measurement of available for sale investment - net*	-	(96,328,527)
<b>Items that will not be reclassified subsequently to profit and loss account</b>		
Unrealized loss on re-measurement of equity investment classified as fair value through OCI - net	(95,245,987)	-
<b>Total comprehensive loss</b>	<u>(149,335,919)</u>	<u>(103,560,606)</u>

\* Surplus on revaluation of investments classified as 'available-for-sale' 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 (refer note 5.1).

The annexed notes 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  
Farah Qureshi

-Sd-  
Director  
A. Rahim Suriya







# Cash Flow Statement

for the year ended June 30, 2019

	Note	2019	2018
		← Rupees →	
CASH FLOW FROM OPERATING ACTIVITIES INCLUDING DISCONTINUED OPERATION			
Loss before taxation		(52,986,288)	(7,232,079)
Adjustment of non cash items:			
Depreciation on own assets	6	12,453,243	23,100,188
Amortization of Intangible asset	8	75,000	68,750
Depreciation on Investment property	7	3,422,523	-
Unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss		3,346,838	2,622,368
Depreciation on assets leased out under Ijarah	6	22,187,742	49,517,524
Gain on sale of investments	26	(1,944,776)	(45,007,853)
Gain on sale of fixed assets			
- own assets	28	(773,141)	(401,450)
- assets leased out under Ijarah	25	(651,785)	(393,994)
Dividend income	26	(2,473,356)	(2,835,290)
Financial charges	30	2,473,157	2,650,594
Operating profit before working capital changes		(14,870,841)	22,088,758
Changes in working capital:			
(Increase) / decrease in current assets			
Ijarah rental receivables		119,951	(628,803)
Stock-in-trade		42,598,618	(16,160,614)
Trade debts		23,318,872	(15,119,318)
Diminishing musharaka financing - current portion		(4,208,413)	(8,025,057)
Advances		7,085,066	6,302,542
Prepayments & other receivables		2,708,287	983,100
		71,622,382	(32,648,149)
Increase / (decrease) in current liabilities			
Management fee payable		-	(3,708,177)
Payable to International Finance Corporation		-	(52,433,740)
Trade Creditors		(2,944,283)	1,967,032
Tijarah financing		(30,000,000)	30,000,000
Security deposits		(8,896,568)	(8,818,200)
Accrued and other liabilities		(15,551,101)	12,106,714
Unclaimed profit distributions		(832,663)	1,639,616
		(58,224,614)	(19,246,756)
Financial charges paid		(2,473,157)	(2,650,594)
Net cash used in operating activities		(3,946,231)	(32,456,741)





# Cash Flow Statement

for the year ended June 30, 2019

Note      2019      2018  
 ← Rupees →

## CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets		
- own assets	(17,102,548)	(26,899,189)
- Investment property	(800,000)	-
- assets leased out under Ijarah	(4,528,400)	(8,550,000)
Purchase of intangible assets	(4,565,625)	(375,000)
Sale of intangible assets	1,789,000	-
Proceeds from sale of investments	33,523,534	91,818,080
Purchase of Investments	(61,970,302)	(53,943,042)
Proceeds from sale of fixed assets		
- own assets	10,920,599	918,874
- assets leased out under Ijarah	27,553,374	24,345,495
Proceeds from sale of intangible assets	(2,701,625)	-
Dividends received	2,473,356	2,835,290
<b>Net cash (used in) / generated from investing activities</b>	<b>(15,408,637)</b>	<b>30,150,508</b>

## CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	-	(29,025,248)
Capital work in process	300,000	(300,000)
Diminishing Musharaka financing	(6,616,826)	6,436,252
Diminishing Musharaka financing	4,255,152	-
long term deposits	1,158,400	(1,623,650)
Long-term security deposits	(785,156)	(8,910,377)
<b>Net cash used in financing activities</b>	<b>(1,688,430)</b>	<b>(33,423,023)</b>
Net decrease in cash and cash equivalents	(21,043,299)	(35,729,255)
Cash and cash equivalents at the beginning of the year	55,860,220	91,589,475
<b>Cash and cash equivalents at the end of the year</b>	<b>34,816,921</b>	<b>55,860,220</b>

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The annexed notes 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  
 Farah Qureshi

-Sd-  
 Director  
 A. Rahim Suriya



# Statement of Changes in Equity

for the year ended June 30, 2019

	Certificate Capital	*Statutory Reserve	Surplus On Revaluation of Investments	Unappropriated (Loss) / Profit	Total Certificate Holders' Equity
	← Rupees →				
<b>Balance as at July 1, 2017</b>	263,865,890	259,037,387	167,142,050	30,742,727	720,788,054
Effect of change in accounting policy (see note 5.1)	-	-	(167,142,050)	-	(167,142,050)
<b>Balance as at July 1, 2017 (restated, see note 5.1)</b>	263,865,890	259,037,387	-	30,742,727	553,646,004
Total comprehensive loss for the year ended June 30, 2018	-	-	-	(7,232,079)	(7,232,079)
Transfer to statutory reserve	-	-	-	-	-
<b>Transactions with certificate holders of the modaraba</b>					
Profit distribution for the year ended 30 June 2017 at 10%	-	-	-	(29,025,248)	(29,025,248)
<b>Balance as at June 30, 2018</b>	263,865,890	259,037,387	-	(5,514,600)	517,388,676
Total comprehensive loss for the year ended June 30, 2019	-	-	-	(54,089,932)	(54,089,932)
Transferred from other comprehensive income	-	-	-	1,208,754	1,208,754
Transfer to statutory reserve	-	-	-	-	-
<b>Transactions with certificate holders of the modaraba</b>					
Bonus shares issued for the year ended June 30, 2018 (10%)	26,386,580	(26,386,580)	-	-	-
<b>Balance as at June 30, 2019</b>	290,252,470	232,650,806	-	(58,395,778)	464,507,498

\* In accordance with the Prudential Regulations for modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of after tax profits is required to be transferred to statutory reserve.

The annexed notes form an integral part of these financial statements.

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

-Sd-  
Chief Financial Officer  
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-Sd-  
Chief Executive  
Shuja Malik

-Sd-  
Director  
Farah Qureshi

-Sd-  
Director  
A. Rahim Suriya





# Notes to the Financial Statements

for the year ended June 30, 2019

## 1. LEGAL STATUS AND NATURE OF THE BUSINESS

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: Kh-e-Ittehad, DHA (Ext), Karachi and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional Modaraba engaged in providing finance under Murabaha and Musharaka arrangements, Ijarah, commodity trading, manufacturing and trading of pharmaceutical products, and trading in listed and non-interest bearing securities. The Modaraba is listed on Pakistan Stock Exchange.

Geographical location and addresses of business units of the modaraba are as under:

Location	Address	Purpose
Karachi	1st Floor, Business Enclave, 77-C, 12th Commercial Street, Off: Kh-e-Ittehad, DHA (Ext), Karachi	Head office

## 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;

Provisions of and directions issued under the Companies Act 2017;

Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

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 Modaraba differ from IFRS Standards and IFAS, the provision 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 have been followed.

The SECP has issued directive (vide SRO 431(1)/2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS - 2) shall be followed in the preparation of the financial statements by Companies and Modarabas while accounting for lease financing transaction as defined by the said standard. The Modaraba has adopted the said standard.

### 2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IFRS-9 "Financial Instruments", wherever applicable.

Permissible Islamic financial products including Murabaha (as a liability) and Musharaka 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





# Notes to the Financial Statements

for the year ended June 30, 2019

facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharaka profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

## 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

## 3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

### 3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective :

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

Standard, Interpretation Or Amendment		Effective date (accounting periods beginning on or after)
Uncertainty over Income Tax Treatments	IFRIC 23	January 1, 2019
Financial instruments (amendments)	IFRS 9	January 1, 2019
Investments in Associates and Joint Ventures (amendments)	IAS 28	January 1, 2019
Employee Benefits (amendments)	IAS 19	January 1, 2019
Business Combinations (Amendments)	IFRS 3	January 1, 2020
Leases	IFRS 16	January 1, 2019
Presentation of Financial Statements (Amendments)	IAS 1	January 1, 2020
Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	IAS 8	January 1, 2020
Annual Improvements to IFRS Standards 2015–2017:		
Business Combinations	IFRS 3	January 1, 2019
Joint Arrangement	IFRS 11	January 1, 2019
Income Taxes	IAS 12	January 1, 2019
Borrowing Costs	IAS 23	January 1, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application other than IFRS 16 'Leases' for which the Company is currently evaluating the potential impact on its financial statements.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.





# Notes to the Financial Statements

for the year ended June 30, 2019

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard, Interpretation Or Amendment		Effective date (accounting periods beginning on or after)
Regulatory Deferral Accounts	IFRS 14	January 1, 2016
Insurance Contracts	IFRS 17	January 1, 2021

## 3.2. New / Revised Standards, Interpretations and Amendments

"The Modaraba has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:"

IFRS 9 - Financial instruments

IFRS 15 - Revenue from contract with customers (Amendments)

IFRS 2 -Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)"

IFRS4 -Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)"

IAS 40 - Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements except as described in note 3.3

## 3.3 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Modaraba has applied IFRS 9, with the initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Upon adoption of IFRS 9, the Modaraba has not restated comparative information.

### (A) Changes to Classification and measurement of financial assets

The IFRS 9 has replaced current categories of financial assets (Held For Trading (HFT), Available For Sale (AFS) and held-to-maturity) by the following classifications of financial assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit and loss account on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit and loss account on derecognition







# Notes to the Financial Statements

for the year ended June 30, 2019

## 4) Financial assets at Fair Value through Profit or Loss

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cash flows represent 'solely payments of principal and profit' on the principal amount outstanding. The assessment of the Modaraba's business model was made as at the date of initial application i.e. July 01, 2018, and then applied retrospectively to those financial assets that were not derecognized before July 01, 2018.

As a result of the above assessment, the management has concluded that all the investments in shares of listed companies previously classified as 'Available for Sale' will be re-classified as 'at Fair Value through Other Comprehensive Income' in accordance with the objectives of the Modaraba.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at June 30, 2018	Impact of adoption of IFRS 9	As at July 01, 2018
		-----Rupees-----	
<b>Impact on Balance Sheet</b>			
Investments - 'Available for sale'	202,366,014	(202,366,014)	-
Investments - 'At fair value through OCI'	-	202,366,014	202,366,014

## (B) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, NBFI & Modaraba Association of Pakistan, based on the clarification of the SECP, have informed all its members that the provisioning criteria will remain those as framed under Modaraba Ordinance, 1980 and Rules & Regulations framed therein. Accordingly, the Modaraba has maintained provision against financing assets in accordance with relevant laws applicable to Modaraba.

Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than financing assets i.e. balances with banks and other financial assets, and concluded that impact is not material to the financial statements.

## 4. USE OF 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 Modarabas accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:







# Notes to the Financial Statements

for the year ended June 30, 2019

	Note
- Useful lives of depreciable assets	5.2
- Useful lives of investment property	5.3
- Useful lives of intangible assets	5.4
- Provision for income taxes	5.11
- Staff provident fund	5.12
- Provision against Ijarah and Musharaka receivables	5.9
- Impairment of assets	5.20

During the year the modaraba has changed the depreciation method on own assets from straight line method to diminishing balance method. This change in accounting estimate has been accounted for prospectively as per International Accounting Standard 8 "Accounting policies, change in accounting estimate and error" in these financial statements impact has been disclosed in note 6.4 to these financial statements.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise stated.

### 5.1 Change in accounting policy

Pursuant to the amendment in the Prudential Regulations for Modarabas by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017, the surplus on revaluation of investments shall not become part of equity. Previously, such surplus was presented as a separate component of equity. In view of the above amendment, the Modaraba has changed its accounting policy in respect of recording the surplus on revaluation of investments and the same is now shown below the equity as a separate line item on the balance sheet

The above change is accounted for in accordance with the requirements of IAS – 8 "Accounting Policies, Changes in Accounting Estimates and Errors

### Statement of Financial Position

	As previously reported	Impact of change in accounting policy	As restated
		-----Rupees-----	
<b>June 30, 2017</b>			
Assets	857,182,288	-	857,182,288
Liabilities	136,394,233	-	136,394,233
Equity	720,788,053	(167,142,050)	553,646,003
<b>Separate Line item</b>			
Surplus on revaluation of investments	-	167,142,050	167,142,050
<b>June 30, 2018</b>			
Assets	696,439,298	-	696,439,298
Liabilities	706,749,773	-	706,749,773
Equity	588,202,199	(70,813,523)	517,388,676
<b>Separate Line item</b>			
Surplus on revaluation of investments	-	70,813,523	70,813,523





# Notes to the Financial Statements

for the year ended June 30, 2019

## 5.2 Fixed assets - tangible

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented.

### 5.2.1 Assets in own use and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is charged to income applying the reducing balance method. Depreciation is charged at rates stated in note 6.

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.

The assets residual value and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

### 5.2.2 Assets leased out under Ijarah and depreciation

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

## 5.3 Investment property

Investment properties comprise of buildings that are held for rental yields. Investment properties is initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a reducing balance method. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

## 5.4 Intangible assets

"Intangible assets acquired having finite useful life are capitalized at cost and stated at cost less amortization. The rate of amortization is 20% applying straight line method.

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.

Intangibles having infinite life are capitalized at cost and are carried at cost less impairment, if any."

## 5.5 Capital work in progress

Capital work in progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property plant and equipment in the course of construction. These expenditures are transferred to relevant category of fixed assets as and when the assets start operation.

## 5.6 Financial instruments - New accounting policies effective for the period beginning on July 01, 2018

In the current period, the Modaraba has adopted IFRS 9 Financial Instruments. See note 3.3 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39.





# Notes to the Financial Statements

for the year ended June 30, 2019

## Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, 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.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Modaraba recognises due to counterparties when funds reach the Modaraba.

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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

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.

## 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. The Modaraba includes in this category short-term non-financing receivables, accrued income and other receivables.

## "Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) 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
- (b) 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
- (c) 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.

Financial assets measured at fair value through OCI

Debt instrument

The Modaraba measures debt instruments at fair value through OCI if both of the following conditions are met:

- (a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding."





# Notes to the Financial Statements

for the year ended June 30, 2019

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit and loss account and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit and loss account.

## Equity instrument

Upon initial recognition, the Modaraba can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 OCI. Equity instruments designated at fair value through OCI are not subject to impairment"

## Financial liabilities

### Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Modaraba includes in this category short-term payables.

## 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."

## "Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Modaraba has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously."





# Notes to the Financial Statements

for the year ended June 30, 2019

## 5.7 Stocks

Stock is valued principally at the lower of cost determined on the first in first out basis and net realizable value. Cost of raw materials and trading stock comprises the invoice values and other charges paid thereon. Cost of work in process and finished goods include prime cost and appropriate portion of manufacturing overheads. Items in transit are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and costs necessarily to be incurred to make the sales.

## 5.8 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to income when consumed and are valued at cost, which is determined on a first-in-first-out basis. Spares-in-transit are values at cost accumulated to the balance sheet date. A provision is made for any excess of book value over net realizable value.

The Modaraba reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spares and loose tools.

## 5.9 Lease financing installments and Diminishing musharaka financing

Diminishing musharaka and Ijarah finance installment are stated at net of provision and suspense income. Provision is made in accordance with the prudential regulations for Modarabas issued by SECP and is charged to profit and loss account.

## 5.10 Revenue recognition

Revenue from sale of goods is recognized when control of goods is transferred to customers.

Toll manufacturing income is recognized when services are rendered.

Return on investment and deposits with banks are recognized on an accrual basis.

Ijarah / lease rental income is recognized on an accrual basis.

Income on diminishing musharaka financing is recognized on accrual basis.

Rental income from investment property 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.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

## 5.11 Taxation

### 5.11.1 Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders. The Modaraba has decided to continue availing tax exemption and hence no provision has been made in these financial statements for tax liability for the current year.

### 5.11.2 Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized.





# Notes to the Financial Statements

for the year ended June 30, 2019

Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

## 5.12 Staff provident fund

The modaraba operates a recognize provident funds for all eligible employees and contributions to the provident fund are made at the rate of 10% of the basic salary of employees and same is charged to profit and loss account when they become due.

## 5.13 Borrowings costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

## 5.14 Provisions

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

## 5.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash at bank and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## 5.16 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.

## 5.17 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are recognized in profit and loss account currently.

## 5.18 Transactions with related parties

All transactions with related parties are carried out by the Modaraba at arm's length.







# Notes to the Financial Statements

for the year ended June 30, 2019

## Details of related parties of the Modaraba

Name of related party	Nature of relationship	Basis of relationship
UDL Modaraba Management (Private) Limited	Associate	Management Company of the Modaraba
UDL Pharmaceuticals Pakistan (Pvt.) Ltd.	Associate	Common Management and Control
First UDL Modaraba Staff Provident Fund	Associate	Common Management

## 5.19 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.

## 5.20 Impairment of assets

### 5.20.1 Financial assets

The modaraba recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevail.

the Modaraba measures loss allowances at an amount equal to life time ECLs, except for other securities and bank balances which are measure at 12 months expected credit losses. Since this assets are short term in nature, therefore, no credit loss is expected on these balances.

### 5.20.2 Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication of impairment exists. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

## 5.21 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

## 5.22 Segment reporting

A segment is a distinguishable component of the Modaraba that is engaged in business activities from which the Modaraba earns revenues and incur expenses and its results are regularly reviewed by the Modaraba's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organized into 'Musharaka', 'Ijarah', 'Investment', 'Manufacturing' and 'Rental property' segments .

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.





# Notes to the Financial Statements

for the year ended June 30, 2019

## 6. FIXED ASSETS - tangible

2019	Cost				ACCUMULATED DEPRECIATION			Depreciation rate per annum %
	As at July 1, 2018	Additions	(Deletions)	As at June 30, 2019	As at July 1, 2018	Charge for the year	Disposal / adjustments	
								Rupees
Assets own use								
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	-
Building on lease hold land	102,056,046	-	(102,056,046)	-	24,826,481	684,503	(25,510,984)	5
Plant & Machinery	97,491,957	7,410,348	-	104,902,305	39,357,483	6,228,968	-	10
Furniture and fittings	19,719,796	-	-	19,719,796	7,064,742	1,240,646	-	10
Books	83,000	-	-	83,000	60,092	4,582	-	20
Vehicles	38,151,443	862,500	(16,750,627)	22,263,316	23,067,288	1,788,821	(9,426,547)	20
Computer equipment	6,229,871	160,300	(151,000)	6,239,171	4,257,929	408,061	(111,420)	20
Office equipment and appliances	9,523,715	351,000	(197,200)	9,677,515	6,916,985	433,981	(115,034)	20
Sub total	283,706,178	8,784,148	(119,154,873)	173,335,453	105,551,000	10,789,563	(35,163,983)	
Diminishing Musharaka Assets								
Vehicles	-	8,318,400	-	8,318,400	-	1,663,680	-	20
Assets leased out under Ijarah								
Machinery and equipments	21,418,000	-	(11,500,000)	9,918,000	12,880,404	3,920,400	(10,350,000)	25-33
Vehicles	180,642,300	4,528,400	(125,797,300)	59,373,400	118,041,807	18,267,342	(100,045,707)	25-33
Sub total	202,060,300	4,528,400	(137,297,300)	69,291,400	130,922,211	22,187,742	(110,395,707)	
Total	485,766,478	21,630,948	(256,452,173)	250,945,253	236,473,210	34,640,985	(145,559,690)	

"During the year, building with a carrying amount of Rs 76,545,060/- were transferred to investment property, because it was no longer used by the Modaraba and was rented out to the third party."







# Notes to the Financial Statements

for the year ended June 30, 2019

## 6.1 Advances against lease financing assets

	2019	2018
	Rupees	
As at beginning of the year	-	-
Add: Disbursements during the year	4,528,400	8,550,000
	<u>4,528,400</u>	<u>8,550,000</u>
Less: Transfers to lease financing assets	(4,528,400)	(8,550,000)
As at end of the year	<u>-</u>	<u>-</u>

## 6.2 Disposal of Assets in own use

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain on disposal	Mode Of Disposal	Particulars of Purchasers
	Rupees						
Suzuki Swift	1,157,250	270,032	887,218	900,000	12,782	Negotiation	Mr. Bilal Khalil
Suzuki Mehran	720,000	204,085	515,915	500,000	(15,915)	Negotiation	Suzuki South
Suzuki Mehran	734,950	698,193	36,757	350,000	313,243	Negotiation	M. Saeed Ur Rehman
Suzuki Cultus	678,000	587,600	90,400	360,000	269,600	Negotiation	M. Saeed Ur Rehman
Suzuki Mehran	1,277,650	149,058	1,128,592	1,150,000	21,408	Negotiation	Najmus Saher
Suzuki Mehran	720,300	228,095	492,205	590,000	97,795	Negotiation	Muhammad Mujtaba
Honda City	1,500,000	1,500,000	-	-	-	Negotiation	Muhammad Qasim Sheikh
Suzuki Cultus	1,140,000	228,000	912,000	1,000,000	88,000	Negotiation	Ms Zahida
Suzuki Cultus	1,041,977	1,041,977	-	500,000	500,000	Negotiation	Suzuki South
Suzuki Cultus	1,145,500	247,646	897,854	1,050,000	152,146	Negotiation	UBL Insurers
Suzuki Cultus	1,294,000	150,969	1,143,031	1,150,000	6,969	Negotiation	A.M Jalaluddin
Honda City	1,507,000	1,507,000	-	900,000	900,000	Negotiation	Dr. Zakir Hussain
Suzuki Mehran	651,000	651,000	-	300,000	300,000	Negotiation	Syed Ahmer Hussain
Suzuki Mehran	678,000	678,000	-	300,000	300,000	Negotiation	Danish Zameer
Toyota Corolla	1,000,000	1,000,000	-	700,000	700,000	Negotiation	Sabir Memon
Suzuki Ravi	689,000	275,592	413,408	550,000	136,592	Negotiation	Arif Khan
Suzuki Mehran	769,500	-	769,500	790,000	20,500	Negotiation	Umair Ahmed
Motor Bike	46,500	9,300	37,200	36,000	(1,200)	Negotiation	Abid Hussain
Computer equipment	151,000	111,420	39,580	40,000	420	Negotiation	Muhammad Qasim Sheikh
Office equipment and appliances	197,200	115,034	82,166	20,000	(62,166)	Negotiation	Misc. Parties
	<u>17,098,827</u>	<u>9,653,000</u>	<u>7,445,827</u>	<u>11,126,000</u>	<u>3,740,173</u>		

## 6.3 The depreciation expense has been allocated as follows;

	Note	2019	2018
		Rupees	
Operating expense	29	8,308,480	3,013,008
Cost of good sold	32.2	1,722,664	13,755,759
Operating expense - discontinued operations	32.4	<u>2,422,098</u>	<u>6,331,421</u>
		<u>12,453,243</u>	<u>20,087,180</u>



# Notes to the Financial Statements

for the year ended June 30, 2019

6.4 During the year the modaraba has changed the depreciation method on own assets from straight line method to diminishing balance method. This change in accounting estimate has been accounted for prospectively as per International Accounting Standard 8 "Accounting policies, change in accounting estimate and error" in these financial statements. Had the depreciation method not changed, the written down value of own fixed asset would have been lower by and loss before tax would have been higher by Rs. 7,901,049.

## FIXED ASSETS - tangible

2018	Cost			ACCUMULATED DEPRECIATION					Depreciation rate per annum %	
	As at July 1, 2017	Additions	(Deletions)	As at June 30, 2018	As at July 1, 2017	Charge for the year	Disposal / adjustments	As at June 30, 2018		Book value As at June 30, 2018
Assets own use										
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	-	10,450,350	-
Building on lease hold land	102,056,046	-	-	102,056,046	19,723,649	5,102,832	-	24,826,481	77,229,565	5
Plant & Machinery	81,959,137	15,896,694	(363,874)	97,491,957	30,754,554	8,652,929	(50,000)	39,357,483	58,134,475	10
Furniture and fittings	19,211,136	508,660	-	19,719,796	5,362,751	1,701,991	-	7,064,742	12,655,054	10
Books	83,000	-	-	83,000	43,496	16,596	-	60,092	22,908	20
Vehicles	31,925,008	7,668,185	(1,441,750)	38,151,443	18,468,410	5,837,077	(1,238,200)	23,067,288	15,084,155	20
Computer equipment	4,513,221	1,716,650	-	6,229,871	3,760,819	497,110	-	4,257,929	1,971,942	20
Office equipment and appliances	8,414,715	1,109,000	-	9,523,715	5,625,332	1,291,653	-	6,916,985	2,606,730	20
Sub total	258,612,613	26,899,189	(1,805,624)	283,706,178	83,739,011	23,100,188	(1,288,200)	105,551,000	178,155,179	
Assets leased out under Ijarah										
Machinery and equipments	21,418,000	-	-	21,418,000	7,235,004	5,645,400	-	12,880,404	8,537,596	25-33
Vehicles	271,942,250	8,550,000	(99,849,950)	180,642,300	150,068,127	43,872,124	(75,898,444)	118,041,807	62,600,493	25-33
Sub total	293,360,250	8,550,000	(99,849,950)	202,060,300	157,303,131	49,517,524	(75,898,444)	130,922,211	71,138,089	
Total	551,972,863	35,449,189	(101,655,574)	485,766,478	241,042,141	72,617,712	(77,186,644)	236,473,210	249,293,269	





# Notes to the Financial Statements

for the year ended June 30, 2019

## 7. INVESTMENT PROPERTY

2019	Cost		ACCUMULATED DEPRECIATION			Book value				
	As at July 1, 2018	Transfer In	Additions	As at June 30, 2019	As at July 1, 2018	Transfer In	Charge for the Year	As at June 30, 2019	As at June 30, 2019	Depreciation rate per annum %
Rupees										
Building on lease hold land	-	102,056,046	800,000	102,856,046	-	25,510,984	3,422,523	28,933,507	73,922,539	10
Total	-	102,056,046	800,000	102,856,046	-	25,510,984	3,422,523	28,933,507	73,922,539	

7.1 During the year, building with a carrying amount of Rs 76,545,060/- were transferred to investment property, because it was no longer used by the Modaraba and was rented out to the third party.

## 8. INTANGIBLE ASSETS

2019	Cost					ACCUMULATED DEPRECIATION			Amortization rate per annum %	Useful life of the asset
	As at July 1, 2018	Addition / (deletion)	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	Book value As at June 30, 2019			
	Rupees									
Computer Software	1,875,000	4,565,625	6,440,625	1,568,750	75,000	1,643,750	4,796,875	20	Finite	
Products Name	1,789,000	(1,789,000)	-	-	-	-	-	-	-	Infinite
Total	3,664,000	2,776,625	6,440,625	1,568,750	75,000	1,643,750	4,796,875			

2018	Cost		ACCUMULATED DEPRECIATION				Amortization rate per annum %	Useful life of the asset		
	As at July 1, 2017	Additions	As at June 30, 2018	As at July 1, 2017	Charge for the year	As at June 30, 2018			Book value As at June 30, 2018	
	Rupees									
Computer Software	1,500,000	375,000	1,875,000	1,500,000	68,750	1,568,750	306,250	20	Finite	
Products Name	1,789,000	-	1,789,000	-	-	-	1,789,000	-	-	Infinite
Total	3,289,000	375,000	3,664,000	1,500,000	68,750	1,568,750	2,095,250			



# Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019	2018	
		Rupees		
9. LONG TERM INVESTMENTS				
At fair value through other comprehensive income				
Listed companies	9.1	<u>168,842,480</u>	<u>-</u>	
Available for sale				
Listed companies	9.1	<u>-</u>	<u>202,366,014</u>	
9.1 Listed companies				
	2019 Number of Shares / Certificates	2018 Number of Shares / Certificates	2019 Rupees	2018 Rupees
Pharma & Bio Tech				
Searle Company Limited	241,277	188,372	35,361,557	63,952,294
AGP Private ltd	138,000	131,000	9,457,140	11,631,490
Ferozsons Laboratories	200	-	22,364	-
Highnoon lab	447	-	113,167	-
Ibl Health Care Limited	113,419	-	3,799,537	-
Automobile				
Ghandhara Nissan Limited	100	-	5,243	-
Food and Personal Care Products				
Gillette Pakistan Limited	200,385	195,785	37,353,768	46,988,400
Al Shaheer Corporation	46,119	31,119	581,099	847,993
Fauji Foods	260,000	-	3,429,400	-
At-Tahur ltd (PREMA)	14,500	-	285,795	-
Treet Corporation	12,592	-	192,154	-
Engineering				
Crescent Steel and Allied Products	4,000	-	151,120	-
Dost Steel	365,000	-	1,255,600	-
Fertilizer				
Engro Fertilizers Limited	-	16,500	-	1,236,015
Cement				
Lucky Cement	1,462	1,462	556,247	742,594
DG Khan Cement	17,000	-	961,180	-
Maple leaf Cement	124,000	-	2,962,360	-
Power Cement	479,826	-	3,085,281	-
Oil & Gas				
Hascol Petroleum	1,427	-	97,921	-
Sui Northern Gas Pipelines Limited	4,713	-	327,506	-
Sui Southern Gas Pipelines Limited	6,000	-	124,080	-
Modaraba				
First Equity Modaraba	75,000	-	162,000	-
Unicap Modaraba	36,000	-	18,000	-
Real Estate Investment				
Dolmen City Reit	105,500	-	1,072,935	-





# Notes to the Financial Statements

for the year ended June 30, 2019

	2019 Number of Shares / Certificates	2018 Number of Shares / Certificates	2019 Rupees	2018 Rupees
<b>Chemicals</b>				
United Distributors (Pakistan) limited	1,621,621	1,343,106	48,551,333	65,154,071
Ghani Gases	268	-	2,048	-
Lotte Pakistan PTA Ltd	10,000	-	152,500	-
Nimir Resins Limited	76,355	-	404,682	-
Sitara Peroxide	34,500	-	661,710	-
<b>Textile Composite</b>				
International Knitwear Limited	832,153	823,653	10,576,665	9,266,096
United Brands Limited	219,570	-	3,139,851	-
Chakwal Spinning	130,000	130,000	214,500	419,900
<b>Power Generation &amp; distribution</b>				
K-Electric Ltd	374,500	374,500	1,644,055	2,127,161
<b>Miscellaneous</b>				
Macter International	2,900	-	179,771	-
<b>Technology &amp; Communication</b>				
Netsol Technologies	5,000	-	329,450	-
<b>Investment Banks/Securities</b>				
Pakistan Stock Exchange	99,117	-	1,288,521	-
<b>Cable &amp; Electrical Goods</b>				
Tpl Trakker	38,000	-	185,440	-
<b>Fixed Line Telecommunication</b>				
Worldcall Telecom Limited	195,000	-	136,500	-
	<u>5,545,934</u>	<u>3,235,497</u>	<u>168,842,480</u>	<u>202,366,014</u>

9.1.1 The values of all shares are of the nominal value of Rs. 10 each.

9.1.2 It includes 12,000 bonus shares of The Searle Company valued at Rs. 1,758,720 which have been withheld by the company in lieu of withholding income tax on bonus shares.

	Note	2019 Rupees	2018 Rupees
<b>10. DIMINISHING MUSHARAKA FINANCING</b>			
<b>Secured:</b>			
Diminishing Musharaka financing	10.1	62,841,707	48,962,016
Less: Current portion shown		(23,381,616)	(19,718,751)
		<u>39,460,091</u>	<u>29,243,265</u>
Add: Advance against diminishing musharakah financing		-	3,600,000
	10.2	<u>39,460,091</u>	<u>32,843,265</u>

10.1 This represents Musharaka finance for a term of 1 to 3 years.





# Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019	2018
		Rupees	
10.2 Aging of diminishing musharaka financing			
<b>Classification</b>	<b>Aging</b>		
Considered good	1 to 179 days	39,460,091	32,843,265
Portfolio classified as non-performing as per the requirement of the Prudential Regulations for Modarabas:			
Other asset especially mentioned (OAEM)	180 days to 1 year	-	-
Substandard	1 year or more	-	-
Doubtful	2 years or more	-	-
Loss	3 years or more	-	-
	10.2.1	-	-
		<u>39,460,091</u>	<u>32,843,265</u>

10.2.1 This also includes provision on subjective basis.

## 11. IJARAH RENTAL RECEIVABLES

Ijarah rental receivables	11.1	3,543,210	3,433,775
Income suspended		(2,941,233)	(2,711,847)
		<u>601,977</u>	<u>721,928</u>
Ijarah future rental receivables			
		1,494,183	6,694,812
Not later than one year		22,431,919	46,570,116
Later than one year but not later than five years		<u>23,926,102</u>	<u>53,264,928</u>

All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

All the Ijarah rental receivables have been reviewed for indicators of impairment. Certain rentals were found to be impaired and consequently provision has been recorded in accordance with the requirements of Prudential Regulations for Modarabas.

	Note	2019	2018
		Rupees	
11.1 <b>Classification</b>	<b>Aging</b>		
		601,977	721,928
Considered good	1 to 179 days		
Portfolio classified as non-performing as per the requirement of the Prudential Regulations for Modarabas:			
Other asset especially mentioned (OAEM)	180 days to 1 year	907,572	730,002
Substandard	1 year or more	-	-
Doubtful	2 years or more	-	-
Loss	3 years or more	2,033,661	1,981,845
	10.2.1	<u>2,941,233</u>	<u>2,711,847</u>
		<u>3,543,210</u>	<u>3,433,775</u>





# Notes to the Financial Statements

for the year ended June 30, 2019

11.1.1 This also includes provision on subjective basis.

	Note	2019	2018
			Rupees
<b>12. STOCKS</b>			
Raw material		-	19,366,814
Packing material		-	8,440,381
Work in Process		-	1,828,053
Finished goods			
- Regular line		-	10,723,913
- Neutraceuticals products		-	2,239,457
		<u>-</u>	<u>42,598,618</u>

## 13. TRADE DEBTS

### Unsecured

Considered good		1,694,374	25,013,246
Considered doubtful		5,189,146	-
Provision for doubtful debt		(5,189,146)	-
		<u>-</u>	<u>-</u>
		<u>1,694,374</u>	<u>25,013,246</u>

## 14. INVESTMENTS

- at fair value through profit or loss

Listed companies and modaraba	14.1	<u>6,497,829</u>	<u>39,966,822</u>
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### 14.1 Listed companies and modaraba

	2019 Number of Shares / Certificates	2018 Number of Shares / Certificates	2019 Rupees	2018 Rupees
<b>Oil &amp; Gas</b>				
Hascol Petroleum	-	39	-	12,237
Sui Northern Gas Pipelines Limited	-	4,213	-	422,227
Sui Southern Gas Pipelines Limited	-	1,000	-	32,820
Oil And Gas Development Company Limited	2,500	-	328,725	-
<b>Automobile</b>				
Ghandhara Nissan Limited	-	100	-	17,967
<b>Personal Goods</b>				
Gillette Pakistan Limited	-	3,600	-	864,000
<b>Engineering</b>				
Dost Steel	-	305,000	-	2,412,550
Huffaz Seamless Pipe Industries Limited	23,500	32,500	316,780	679,250
<b>Pharma &amp; Bio Tech</b>				
Abbott Laboratories	1,100	100	522,104	68,500
Ferozsons Laboratories	-	200	-	38,946
Highnoon Laboratories	-	407	-	167,078
IBL Health Care Limited	-	160,419	-	12,870,416
<b>Textile</b>				
United Brands limited	-	216,570	-	11,278,965
<b>Fertilizer</b>				
Engro Corporation Limited	927	27	246,211	8,474
<b>Modaraba</b>				
Unicap Modaraba	-	36,000	-	39,600
First Equity Modaraba	-	75,000	-	277,500





# Notes to the Financial Statements

for the year ended June 30, 2019

	2019 Number of Shares / Certificates	2018 Number of Shares / Certificates	2019 Rupees	2018 Rupees
<b>Cable &amp; Electrical Goods</b>				
Tpl Trakker	-	38,000	-	259,160
<b>Food &amp; Personal Care</b>				
Treet Corporation	-	12,592	-	430,520
<b>Chemical</b>				
ICI Pakistan Limited	-	150	-	120,225
Ghani Gases Limited	-	256	-	4,127
Nimir Resins Limited	-	36,355	-	367,186
<b>Construction And Material</b>				
Dewan Cement Limited	-	1,000	-	18,000
Fauji Cement Limited	13,000	36,000	204,490	822,600
Power Cement Limited	-	188,326	-	1,572,522
<b>Fixed Line Telecommunication</b>				
Worldcall Telecom Limited	-	195,000	-	376,350
<b>Real Estate Investment</b>				
Dolmen City Reit	-	105,500	-	1,360,950
<b>Investment Banks/Securities</b>				
Pakistan Stock Exchange	-	99,117	-	1,957,561
<b>Vanaspati &amp; Allied Industries</b>				
Unity Foods	473,609	89,000	4,878,173	2,605,920
<b>Miscellaneous</b>				
Macter International	-	2,900	-	580,000
Siddiqsons Tin Plate	139	17,000	1,347	258,740
Siddiqsons Tin Plate - Rights	-	32,639	-	42,431
			<u>6,497,829</u>	<u>39,966,822</u>

14.1.1 The values of all shares / certificates are of the nominal value of Rs. 10 each.

	2019 Rupees	2018 Rupees
<b>15. ADVANCES</b>		
- To staff - considered good	4,362,901	2,717,041
- Advance against purchase	2,472,680	4,158,266
- Advance against purchase of shares	-	4,566,700
- Advance to Supplier	-	3,785,062
- Advance income tax	2,011,845	-
- Others	101,685	1,910,753
	<u>8,949,112</u>	<u>17,137,822</u>

15.1 All the amounts are short term. The net carrying amount of advances is considered a reasonable approximation of fair value.

	2019 Rupees	2018 Rupees
<b>16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES</b>		
Prepayments	1,234,186	1,684,029
Security deposits	-	13,000
Profit receivable on musharaka	15,486	15,486
Receivable from brokers	258,821	1,801,651
Other receivable	-	220,132
Others	1,424,815	1,907,296
	<u>2,933,308</u>	<u>5,641,594</u>





# Notes to the Financial Statements

for the year ended June 30, 2019

- 16.1 All the amounts are short term. The net carrying amount of other receivables and profit due is considered a reasonable approximation of fair value.

	Note	2019	2018
			Rupees
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		105,695	155,695
Cash at bank			
- in current accounts		16,116,750	19,257,065
- profit bearing accounts	17.1	18,594,476	36,447,461
		<u>34,816,921</u>	<u>55,860,220</u>

- 17.1 The profit on the above modaraba deposit accounts ranges between 5.5 % to 10.5 % (2018: 5.5% to 6.5%) per annum.

## 18. CERTIFICATE CAPITAL

2019 Number of certificates	2018 Number of certificates		2019 Rupees	2018 Rupees
<u>50,000,000</u>	<u>50,000,000</u>	Authorised 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
11,356,362	8,717,704	Modaraba certificates issued as fully paid-up bonus certificates	113,563,620	87,177,040
<u>29,025,247</u>	<u>26,386,589</u>		<u>290,252,470</u>	<u>263,865,890</u>

- 18.1 As at 30 June, 2019 UDL Modaraba Management (Private) Limited (Management Company) held 5,432,878 (2018: 4,938,980) certificates of Rs. 10 each.

## 19. STATUTORY RESERVE

Balance at the beginning of the year	259,037,387	259,037,387
Bonus shares issued - 10%	(26,386,580)	-
	<u>232,650,806</u>	<u>259,037,387</u>

In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the reserve.





# Notes to the Financial Statements

for the year ended June 30, 2019

	2019	2018
	Rupees	
<b>20. (DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENTS</b>		
Market value of investments	168,842,480	202,366,014
Less: Cost of investments	(193,274,943)	(131,552,491)
	<u>(24,432,463)</u>	<u>70,813,523</u>
Surplus on revaluation at beginning of the year	70,813,523	167,142,050
Surplus transferred to profit and loss account during the year on disposal	-	(45,349,346)
Surplus transferred to retained earning on disposal	(1,208,754)	-
Surplus on revaluation during the year	<u>(94,037,233)</u>	<u>(50,979,181)</u>
	<u>(95,245,987)</u>	<u>(96,328,527)</u>
	<u>(24,432,463)</u>	<u>70,813,523</u>

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

	Note	2019	2018
		Rupees	
<b>21. LONG TERM SECURITY DEPOSITS</b>			
Deposit against rental property		6,000,000	-
Deposit against IJARAH		9,019,444	24,701,168
Less: current portion		(5,494,124)	(14,390,692)
		<u>3,525,320</u>	<u>10,310,476</u>
<b>22. DIMINISHING MUSHARAKA</b>		<u>9,525,320</u>	<u>10,310,476</u>
Diminishing musharaka	22.1	4,255,152	-
Less: Current portion		(2,687,448)	-
		<u>1,567,704</u>	<u>-</u>

22.1							
Nature of asset	Amount Disbursed	Profit rate	Floor	Celling	Principal Outstanding as 30 June, 2019	Ending Date	Security
Vehicles	6,942,600	6 Months Kibor + 3.5%	9.50%	20%	4,255,152	25 January, 2021	Charge on the fixed asset and Demand promisory note.





# Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019	2018
		Rupees	
<b>23. ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		3,368	956,968
Advance rent		2,000,000	-
Advance from Customers		-	2,559,669
Charity payable	23.1	436,738	-
Other liabilities			
- Provision for taxation		-	536,604
- Worker's Welfare Fund - provision	23.2	663,872	663,872
- Others		4,740,317	18,678,283
		<u>7,844,294</u>	<u>23,395,395</u>

23.1 This includes charity payable amounting to Rs.0.239 (2018: Rs.0.134) million. The reconciliation is as follows:

Balance as at beginning of the year	-	-
Addition during the year	555,738	501,715
Less: Paid to recognized charitable organisations	(119,000)	(501,715)
Balance as at end of the year	<u>436,738</u>	<u>-</u>

23.2 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% of the profit before taxation as per the financial statements or taxable income which ever is higher.

During the year 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

In current year due to the loss, the WWF is not calculated.

## 24. CONTINGENCIES AND COMMITMENTS

### Contingencies

During the previous year, the Modaraba had received from the Searle Company 240,000 bonus shares out of which 12,000 shares were withheld by the company to meet the withholding tax liability on the bonus shares under section 236 (M) of the Income Tax Ordinance, 2001. The Modaraba filed a suit against the company for the release of the shares, as the management of the company is of the view that the income of Modaraba has exemption and withholding tax under the section 236 (M) is not applicable. The Honourable High Court of Sindh vide its order dated September 8, 2015, has dismissed the suit filed by the Modaraba. During the year, the management of the company has filed an appeal before a larger bench of Honourable High Court of Sindh. The management and its legal advisor are confident that the appeal will result in relief of the Modaraba.

### Commitments

	2019	2018
	Rupees	
Diminishing musharaka future rentals		
Lease rentals - within one year	3,261,552	-
Lease rentals - 1-5 years	1,471,746	-
	<u>4,733,298</u>	<u>-</u>



# Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019	2018
		Rupees	
<b>25. INCOME FROM IJARAH OPERATIONS</b>			
Ijarah rentals		30,033,641	67,719,436
Documentation fee		160,183	173,456
Gain on disposal of Ijarah assets		<u>651,785</u>	<u>393,994</u>
		30,845,609	68,286,886
Less: Depreciation on assets leased out under Ijarah	6	<u>(22,187,742)</u>	<u>(49,520,774)</u>
		<u>8,657,867</u>	<u>18,766,112</u>
<b>26. INCOME FROM INVESTMENTS</b>			
Dividend income	26.1	2,473,356	2,835,290
Gain on sale of securities		<u>1,944,776</u>	<u>45,007,853</u>
		<u>4,418,132</u>	<u>47,843,143</u>
<b>26.1 Investee</b>			
Abbot Laboratories		-	2,100
Crescent Steel & Allied Product Ltd		40,734	-
Dolmen City Reit		74,415	49,925
Engro Corporation Ltd		-	101
Engro Fertilizers Ltd		-	90,750
Fauji Cement Company Ltd		59,670	10,000
Ferozsons Laboratories Ltd		4,363	22,500
First Equity Modaraba		-	45,000
Gillete Pakistan		246,369	-
Hascol Petroleum Ltd		3,634	137
HighNoon Laboratories Ltd		4,497	3,660
IBL Health care Ltd		113,463	145,315
ICI Pakistan		-	1,275
International Knitwear Ltd		415,078	-
Lalpir Power Limited		-	10,000
Lucky Cement		11,539	338,613
Mughal Iron and Steel Industries		-	6,600
Netsol Technologies		12,464	-
Oil & Gas Company		-	10,000
Searle Company Ltd		1,134,603	1,995,784
Sui Northern Gas Company		-	53,303
Treet Corporation		-	2,200
TPL Trakker Limited		-	9,500
United Distributors Pakistan Ltd		352,526	-
United Brands Ltd		-	38,528
		<u>2,473,356</u>	<u>2,835,290</u>
<b>27. RENTAL PROPERTY</b>			
Rental income		<u>10,000,000</u>	<u>-</u>
During the year the Modaraba has entered in to rental agreement with the third party.			
<b>28. INCOME FROM OTHER SOURCES</b>			
Gain on disposal of fixed assets		3,740,173	401,450
Write off of Pharma License - Products Name		(1,789,000)	-
Profit on deposits with banks		773,141	1,001,658
Others		<u>127,517</u>	<u>66,290</u>
		<u>2,851,830</u>	<u>1,469,398</u>





# Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019	2018
		Rupees	
<b>29. OPERATING EXPENSES</b>			
Salaries and other staff benefits	29.1 & 29.2	8,005,280	8,997,710
Travelling and conveyance		1,307,905	972,813
Vehicles running and maintenance		639,996	411,872
Utilities and communication		1,239,199	625,011
Printing and stationery		614,902	643,163
Rent, rates and taxes		1,221,312	1,797,606
Repair and maintenance		406,025	576,359
Legal and professional charges		1,302,635	846,142
Share transaction charges		30,500	308,621
Insurance		196,180	-
Entertainment		192,905	439,372
Consultancy fee		1,100,004	1,450,615
Fee and subscription		679,467	1,215,652
Auditors' remuneration	29.3	399,750	395,250
Advertisement		199,414	111,637
Depreciation - Owned assets	6.3	8,308,480	3,081,758
Depreciation - Investment property	7	3,422,523	-
Amortization	8	75,000	-
Donation	29.4	-	364,492
Other expenses		137,289	332,330
		<u>29,478,766</u>	<u>22,570,403</u>

## 29.1 Remuneration to officers and employees

The aggregate amount of remuneration charged in these financial statements, including all benefits to officers and employees of the Modaraba are as under:

	2019			2018		
	Officers Rupees	Employees Rupees	Total Rupees	Officers Rupees	Employees Rupees	Total Rupees
Salaries & allowances	4,010,424	3,025,408	7,035,832	4,448,881	3,811,080	8,259,961
Provident fund	356,400	160,596	516,996	220,692	149,604	370,296
Medical expenses	255,961	196,491	452,452	220,471	146,982	367,453
	<u>4,622,785</u>	<u>3,382,495</u>	<u>8,005,280</u>	<u>4,890,044</u>	<u>4,107,666</u>	<u>8,997,710</u>
Number of persons	3	11	14	2	8	10

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

**29.2** 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 formulated for this purpose.





# Notes to the Financial Statements

for the year ended June 30, 2019

	2019	2018
	Rupees	
<b>29.3 Auditors' remuneration</b>		
Audit fee	285,000	270,000
Half yearly review fee	50,000	50,000
Certification fee	-	15,000
Out-of-pocket expenses	64,750	60,250
	<u>399,750</u>	<u>395,250</u>

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

	2019	2018
	Rupees	
<b>30. FINANCIAL CHARGES</b>		
Bank charges	1,566,255	2,650,594
Profit on diminishing musharaka	906,902	-
	<u>2,473,157</u>	<u>2,650,594</u>

## 31. PROVISION FOR TAXATION

Current tax	<u>382,329</u>	<u>756,129</u>
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The income of the Modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. However, the Modaraba has incurred loss during the year, consequently the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001 is applicable and duly charged.

## 32. LOSS AFTER TAXATION FROM DISCONTINUED OPERATION

The management has decided to discontinue pharmaceutical operations due to continuous Pak rupee devaluation and increasing in price of raw material with effect from July 10, 2018. The modaraba has informed to the SECP, Pakistan stock exchange and certificate holders accordingly.

	Note	2019	2018
		Rupees	
Revenue from pharma business	32.1	57,705,198	157,790,868
Less:			
Cost of goods sold	32.2	(61,496,366)	(115,804,231)
Distribution & claims	32.3	(30,405,072)	(71,130,553)
Damaged stock		(2,895,136)	-
Operating expenses - pharma	32.4	(15,600,574)	(23,523,683)
		<u>(52,691,949)</u>	<u>(52,667,598)</u>
Provision for taxation		(721,315)	(1,577,909)
Loss after taxation from discontinued operation		<u>(53,413,264)</u>	<u>(54,245,507)</u>

## 32.1 REVENUE FROM PHARMA BUSINESS

- Local	81,991,054	240,304,661
Regular Line	-	6,030,102
Oncology	<u>81,991,054</u>	<u>246,334,763</u>
- Less:	20,656	415,422
Sales return	<u>24,265,199</u>	<u>88,128,474</u>
Sales discount	<u>24,285,856</u>	<u>88,543,895</u>
Net Sales	<u>57,705,198</u>	<u>157,790,868</u>







# Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019	2018
		Rupees	
<b>32.2 COST OF GOODS SOLD</b>			
-Raw material and packing material			
Opening stock		27,807,693	15,892,678
Add: Purchases during the year		3,903,623	64,035,436
		<u>31,711,316</u>	<u>79,928,114</u>
Less: Closing stock		-	(27,807,693)
Raw material and packing material consumed		31,711,316	52,120,421
Stores, spares & supplies		478,138	1,009,487
Salaries, wages & other benefits	29.2	6,602,223	26,285,351
Fuel & power		1,557,928	5,513,900
Insurance		400,609	1,060,811
Repair & maintenance		724,473	3,089,711
Depreciation	6.3	1,722,664	13,755,759
Entertainment		476,315	2,255,609
Travel & conveyance		1,008,580	4,249,570
Postage & stationary		26,425	329,922
Miscellaneous		21,539	789,282
		<u>44,730,210</u>	<u>110,459,823</u>
-Finished Goods			
Opening stock		14,791,423	10,545,326
Add: Purchases during the year		1,974,733	9,590,507
		<u>16,766,156</u>	<u>20,135,833</u>
Closing stock		-	(14,791,423)
		<u>61,496,366</u>	<u>115,804,233</u>
<b>32.3 DISTRIBUTION &amp; CLAIMS</b>			
Salaries, wages & other benefits	29.2	20,520,366	47,346,502
Communications		632,765	1,187,290
Training & Seminar		758,658	846,958
Literature & Promotion		4,503,691	8,879,492
Transportation expenses		748,873	2,856,479
Warehouse expenses		136,226	575,852
Repair & Maintenance		529,157	1,230,629
Travelling & Conveyance		2,483,432	7,917,825
Other expenses		91,903	289,526
		<u>30,405,072</u>	<u>71,130,553</u>
<b>32.4 OPERATING EXPENSES</b>			
Salaries and other staff benefits	29.2	7,367,387	8,179,426
Travelling and conveyance		766,797	779,063
Vehicles running and maintenance		287,843	463,015
Utilities & communication		405,913	-
Printing and stationery		499,316	565,944
Rent, rates and taxes		1,158,227	1,777,608
Repair and maintenance		314,525	197,965
Legal and professional charges		171,650	225,000
Insurance		801,640	859,709
Entertainment		161,534	298,073
Consultancy fee		211,111	619,444
Fee and subscription		1,008,000	2,466,901
Depreciation	6.3	2,422,098	6,331,421
Other expenses		24,534	760,110
		<u>15,600,574</u>	<u>23,523,683</u>





# Notes to the Financial Statements

for the year ended June 30, 2019

	2019	2018
	Rupees	
<b>33. LOSS PER CERTIFICATE - basic and diluted</b>		
(Loss) / profit after taxation from continuing operations	<u>(676,668)</u>	<u>47,013,427</u>
Loss after taxation from discontinued operation	<u>(53,413,264)</u>	<u>(54,245,507)</u>
	Number of certificates	Number of certificates Restated
Weighted average number of ordinary certificates outstanding during the year	<u>29,025,247</u>	<u>29,025,247</u>
		Restated
(Loss) / earnings per certificate from continuing operations - basic	<u>(0.02)</u>	<u>1.62</u>
Loss per certificate from discontinued operations - basic	<u>(1.84)</u>	<u>(1.87)</u>
Loss per certificate net - basic	<u>(1.86)</u>	<u>(0.25)</u>

There is no dilution effect on the basic (loss)/earnings per certificate of the Modaraba as the Modaraba has no such commitments.

## 34. TRANSACTION WITH RELATED PARTIES

The related parties comprise related group companies, directors and close family members, executives, major certificate holders and staff retirement funds of the Modaraba. These are the associated companies as they are either under the same management and / or with common directors. The Modaraba has a policy whereby all transactions with related parties are entered into arm's length prices using the comparable uncontrollable method. The significant transactions with these associated companies are as follows:

		2019	2018
		Rupees	
<b>Transactions</b>	<b>Relationship</b>		
<b>UDL Modaraba Management (Private) Limited</b>			
Management fee	Management company	<u>-</u>	<u>-</u>
Dividend paid to Management Company	Management company	<u>-</u>	<u>5,432,878</u>
<b>First UDL Modaraba Staff Provident Fund</b>			
Contribution paid	Associate	<u>1,699,639</u>	<u>2,162,506</u>
<b>UDL Pharmaceuticals Pakistan (Private) Limited</b>			
Sale of goods	Associate	<u>830,545</u>	<u>-</u>
<b>Balance as at the year end</b>			
<b>UDL Modaraba Management (Private) Limited</b>			
Payable to Modaraba Management Company	Management company	<u>-</u>	<u>3,708,177</u>





# Notes to the Financial Statements

for the year ended June 30, 2019

## 35. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

### 35.1 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. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah (lease) assets, musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

### 35.2 Credit risk and concentration of 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 management understands that the Modaraba is not exposed to any major concentration of credit risk.

#### Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2019 is the carrying amount of the financial assets as set out below:

	2019	2018
	Rupees	
<b>Business</b>		
Diminishing musharakh financing	63,744,004	52,918,765
Trade debtors	1,694,374	25,013,246
Investments	175,340,309	242,332,836
Ijarah receivables	601,977	721,928
Deposits	1,367,350	2,525,750
Advances and other receivables	6,937,266	17,137,822
Deposits and other receivables	1,699,122	3,957,566
Bank balances	34,711,226	55,704,525
	<u>286,095,627</u>	<u>400,312,437</u>

#### Diminishing Musharakh Financing

The Modaraba's policy is to enter in to financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP). The Modaraba aims to manage its credit risk exposure through diversification of its Diminishing Musharaka arrangements to avoid undue concentration of risk with individuals or groups of customer in specific location or businesses. Credit risk is further mitigated through proper due diligence, appropriate transaction structuring and adequate collateralization of the exposure.

#### Ijarah Receivable

The aging of Ijarah receivable at the reporting date	601,977	721,928
Past due 1-30 days	2,941,233	2,711,847
Past due over 30-90 days	(2,941,233)	(2,711,847)
Less: Provision for non-performing assets	<u>601,977</u>	<u>721,928</u>





# Notes to the Financial Statements

for the year ended June 30, 2019

## Bank Balances

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

Banks	Short term	Long term	Agency	2019 Rupees	2018
Habib Bank Ltd	A1+	AAA	JCR	18,235,927	22,016,471
Bank Islami Pakistan Ltd	A1	A+	PACRA	4,623	541,855
Dubai Islamic Bank	A1	AA-	JCR	9,049,944	199,069
AL Baraka Bank	A1	A	PACRA	7,261,434	32,796,699
Faysal bank	A1+	AA	PACRA	141,634	137,289
				<u>34,693,562</u>	<u>55,691,383</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 and 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;

	2019		2018	
	Rupees	%	Rupees	%
Modaraba	1,179,153	4.93%	2,090,740	3.93%
Cargo, Trading & distribution	1,352,244	5.65%	7,208,075	13.53%
Textile, Chemical & Pharmaceuticals	-	0.00%	948,796	1.78%
Entertainment, Marketing	-	0.00%	425,117	0.80%
Individual	16,350,896	68.34%	35,517,554	66.68%
Miscellaneous	5,043,809	21.08%	7,074,646	13.28%
	<u>23,926,102</u>	<u>100.00%</u>	<u>53,264,928</u>	<u>100.00%</u>

35.2.1 Modaraba's operations are restricted to Pakistan only.

## 35.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay / settle its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.





# Notes to the Financial Statements

for the year ended June 30, 2019

	2019			Total
	Upto one year	One year to five years	Over five years	
	Rupees			
Financial liabilities				
Security deposits	5,494,124	9,525,320	-	15,019,444
Diminishing musharaka	2,687,448	1,567,704	-	4,255,152
Trade creditors	92,434	-	-	92,434
Accrued and other liabilities	7,844,294	-	-	7,844,294
Unclaimed profit distributions	26,271,156	-	-	26,271,156
	<u>42,389,457</u>	<u>11,093,024</u>	<u>-</u>	<u>53,482,480</u>

	2018			Total
	Upto one year	One year to five years	Over five years	
	Rupees			
Financial liabilities				
Security deposits	14,390,692	10,310,476	-	24,701,168
Tijarah financing	30,000,000	-	-	30,000,000
Trade creditor	3,036,717	-	-	3,036,717
Accrued and other liabilities	23,395,395	-	-	23,395,395
Unclaimed profit distributions	27,103,819	-	-	27,103,819
	<u>97,926,623</u>	<u>10,310,476</u>	<u>-</u>	<u>108,237,098</u>

## 35.4 Market risk

### Market 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.

### Exposure:

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, 2019, the fair value of equity exposed to price risk was as follows:

	Average Cost	Fair Value	Average Cost	Fair Value
	2019		2018	
	← Rupees →			
Particulars:				
Equity investment	206,466,449	175,340,309	174,141,681	242,332,836



# Notes to the Financial Statements

for the year ended June 30, 2019

## Risk management

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 rate 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.

## Risk exposure

The Modaraba has Ijarah portfolio. The majority of Ijarah portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on Ijarah portfolio on quarterly/six monthly basis.

As at June 30, 2019, the profit of the Modaraba's variable value financial instruments were as follows:

	2019	2018
	Rupees	
<b>Variable rate instruments</b>		
Diminishing Musharaka financing	62,841,707	52,562,016
Islamic deposits	18,594,476	36,447,461
	<u>81,436,184</u>	<u>89,009,477</u>

## Fair value sensitivity analysis for variable rate instruments

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 (Having variable interest rates)	(Increase / Decrease) (+/-)	Changes in profit / (loss)	
		2019	2018
		Rupees	
Diminishing Musharaka financing	100 basis points	628,417	525,620
Islamic deposits	100 basis points	185,945	364,475

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





# Notes to the Financial Statements

for the year ended June 30, 2019

## Risk Management / Mitigation

The Modaraba monitors the profit rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Modaraba's policy requires the Modaraba management to manage this risk by measuring the mismatch of the profit rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed profit securities.

The average effective duration of the Modaraba's portfolio is a measure of the sensitivity of the fair value of the Modaraba's variable profit securities to changes in market profit rates.

The Modaraba's policy refrains from holding profit bearing instruments that induce the average effective duration of the variable profit portfolio to pass the benchmark of the average duration.

## 35.5. 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:

- 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;
- Risk mitigation, including insurance where this is effective.







# Notes to the Financial Statements

for the year ended June 30, 2019

	2019	2018
	Rupees	
<b>36. FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>At Amortized Cost</b>		
Long term advances and deposits	1,367,350	2,525,750
Ijarah rental receivables	601,977	721,928
Trade receivables (Pharma division)	1,694,374	25,013,246
Diminishing Musharakah financing	62,841,707	52,562,016
Diminishing Musharakah financing - Receivable	902,296	356,749
Advances	8,949,112	17,137,822
Prepayments and other receivables	1,699,122	3,957,566
Bank balances	34,816,921	55,860,220
<b>At fair value through profit or loss</b>		
Short term investments - investments at fair value through profit or loss	6,497,829	39,966,822
<b>At fair value through OCI</b>		
Long term investments	168,842,480	202,366,014
	<u>288,213,167</u>	<u>400,468,132</u>
<b>Financial liabilities</b>		
<b>At Amortized Cost</b>		
Security deposits	15,019,444	24,701,168
Diminishing musharaka	4,255,152	-
Trade creditors	92,434	3,036,717
Tijarah financing	-	30,000,000
Accrued and other liabilities	7,844,294	23,395,395
Unclaimed profit distributions	26,271,156	27,103,819
	<u>53,482,480</u>	<u>108,237,098</u>

## 37. 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.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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).

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

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.



## Notes to the Financial Statements

for the year ended June 30, 2019

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	2019			
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>				
Long term advances and deposits	1,367,350	-	-	-
Ijarah rental receivables	601,977	-	-	-
Trade receivables (Pharma division)	1,694,374	-	-	-
Diminishing Musharakah financing	62,841,707	-	-	-
Diminishing Musharakah financing - Receivable	902,296	-	-	-
Advances	8,949,112	-	-	-
Prepayments and other receivables	1,699,122	-	-	-
Bank balances	34,816,921	-	-	-
<b>Financial assets at fair value through profit or loss</b>				
Short term investments - investments at fair value through profit or loss	6,497,829	6,497,829	-	-
<b>Financial assets at fair value through OCI</b>				
Long term investments	168,842,480	168,842,480	-	-
<b>Financial liabilities at amortised cost</b>				
Security deposits	15,019,444	-	-	-
Diminishing musharaka	4,255,152	-	-	-
Accrued and other liabilities	7,844,294	-	-	-
Trade creditor	92,434	-	-	-
Unclaimed profit distributions	26,271,156	-	-	-
			2018	
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>				
Long term advances and deposits	2,525,750	-	-	-
Ijarah rental receivables	721,928	-	-	-
Trade receivables (Pharma division)	25,013,246	-	-	-
Diminishing Musharakah financing	52,562,016	-	-	-
Diminishing Musharakah financing - Receivable	356,749	-	-	-
Advances	17,137,822	-	-	-
Prepayments and other receivables	5,641,594	-	-	-
Bank balances	55,860,220	-	-	-
<b>Financial assets at fair value through profit or loss</b>				
Short term investments - investments at fair value through profit or loss	39,966,822	39,966,822		
<b>Financial assets at fair value through OCI</b>				
Long term investments	202,366,014	202,366,014		
<b>Financial liabilities at amortised cost</b>				
Security deposits				
Tiljarah Financing	24,701,168	-	-	-
Accrued and other liabilities	30,000,000	-	-	-
	23,226,390	-	-	-



# Notes to the Financial Statements

for the year ended June 30, 2019

## 38. 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:

2019	Effective yield / Profit risk	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	
	%							
Financial assets								
Long term investments		-	-	-	-	168,842,480	168,842,480	168,842,480
Long term deposits		-	-	-	1,367,350	-	1,367,350	1,367,350
Ijarah rental receivables		601,977	-	601,977	-	-	-	601,977
Diminishing Musharaka financing		23,381,616	39,460,091	62,841,707	-	-	-	62,841,707
Diminishing Musharaka financing - Receivable		902,296	-	902,296	-	-	-	902,296
Trade debts (Pharma)		-	-	-	1,694,374	-	1,694,374	1,694,374
Short term investments		-	-	-	6,497,829	-	6,497,829	6,497,829
Advances		-	-	-	8,949,112	-	8,949,112	8,949,112
Other receivables		-	-	-	2,933,308	-	2,933,308	2,933,308
Cash and bank balances	(A)	18,594,476	-	18,594,476	16,222,445	-	16,222,445	34,816,921
		43,480,365	39,460,091	82,940,456	37,664,417	168,842,480	206,506,897	289,447,353
Financial liabilities								
Long term security deposits		-	-	-	5,494,124	9,525,320	15,019,444	15,019,444
Diminishing musharaka		2,687,448	1,567,704	4,255,152	-	-	-	4,255,152
Trade creditors		-	-	-	92,434	-	92,434	92,434
Accrued and other liabilities		-	-	-	7,844,294	-	7,844,294	7,844,294
Unclaimed profit distributions	(B)	2,687,448	1,567,704	4,255,152	26,271,156	-	26,271,156	26,271,156
		2,687,448	1,567,704	4,255,152	39,702,009	9,525,320	49,227,328	53,482,480
On-balance sheet gap	(A)-(B)	40,792,917	37,892,387	78,685,305	(2,037,592)	159,317,160	157,279,568	235,964,873
Non-financial assets								204,110,162
Non-financial liabilities								-
Total net assets								440,075,036





# Notes to the Financial Statements

for the year ended June 30, 2019

2018	Effective yield / Profit risk	Yield / Profit bearing maturing		Non yield / Profit bearing maturing		Total
		Within one year	After one year	Within one year	After one year	
	%	Sub total		Rupees	Sub total	
Financial assets						
Long term investments	-	-	202,366,014	-	202,366,014	202,366,014
Long term deposits	-	-	2,525,750	-	2,525,750	2,525,750
Ijarah rental receivables	721,928	721,928	-	-	-	721,928
Diminishing Musharakah financing	19,718,751	32,843,265	-	-	-	52,562,016
Diminishing Musharaka financing - Receivable	356,749	-	-	-	-	356,749
Trade debts (Pharma)	-	-	-	25,013,246	25,013,246	25,013,246
Short term investments	-	-	-	39,966,822	39,966,822	39,966,822
Advances	-	-	-	17,137,822	17,137,822	17,137,822
Other receivables	-	-	-	5,641,594	5,641,594	5,641,594
Cash and bank balances	36,447,461	36,447,461	-	19,412,760	19,412,760	55,860,220
	(A)	57,244,888	32,843,265	107,172,244	204,891,764	402,152,161
Financial liabilities						
Long term security deposits	-	-	10,310,476	14,390,692	24,701,168	24,701,168
Tijarah Financing	30,000,000	30,000,000	-	-	-	30,000,000
Trade creditor	-	-	-	3,036,717	3,036,717	3,036,717
Accrued and other liabilities	-	-	-	23,395,395	23,395,395	23,395,395
Unclaimed profit distributions	-	-	-	27,103,819	27,103,819	27,103,819
	(B)	30,000,000	-	67,926,623	78,237,098	108,237,098
On-balance sheet gap	(A)-(B)	27,244,888	32,843,265	39,245,621	233,826,909	293,915,062
Non-financial assets						294,287,137
Non-financial liabilities						-
Total net assets						588,202,199

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, 2019

## 39. INFORMATION ABOUT BUSINESS SEGMENTS

	2019						
	Diminishing Musharaka financing	Investments	Ijarah operations	Rental property	Others	Manufacturing Pharma - Discontinued operation	Total
	Rupees						
Segment Revenues	9,076,594	4,418,132	30,845,609	10,000,000	2,851,830	57,705,198	114,897,363
Segment Results							
Segment income and Sales	9,076,594	4,418,132	30,845,609	10,000,000	-	57,705,198	112,045,533
Other income	-	-	-	-	2,851,830	-	2,851,830
Operating expenses	-	-	(22,187,742)	(3,422,523)	-	(15,600,574)	(41,210,840)
Manufacturing expenses	-	-	-	-	-	(61,496,368)	(61,496,368)
Unallocated operating expenses	-	-	-	-	(28,529,399)	(33,300,208)	(61,829,607)
Unrealized gain	-	(3,346,838)	-	-	-	-	(3,346,838)
Provision for taxation	-	-	-	-	(382,328)	(721,315)	(1,103,643)
Profit / (loss) for the year	9,076,594	1,071,293	8,657,867	6,577,477	(26,059,896)	(53,413,267)	(54,089,933)
Other information							
Capital expenditure	-	-	4,528,400	800,000	8,784,148	-	14,112,548
Depreciation	-	-	22,187,742	3,422,523	12,453,243	-	38,063,508
Assets and liabilities							
Segment assets	63,744,004	175,942,286	26,577,154	73,922,539	-	13,576,793	353,762,775
Unallocated assets	-	-	-	-	139,794,740	-	139,794,740
Total assets	63,744,004	175,942,286	26,577,154	73,922,539	139,794,740	13,576,793	493,557,515
Segment liabilities	-	-	15,019,444	-	4,255,152	7,936,728	27,211,324
Unallocated liabilities	-	-	-	-	26,271,156	-	26,271,156
Total liabilities	-	-	15,019,444	-	30,526,308	7,936,728	53,482,480





# Notes to the Financial Statements

for the year ended June 30, 2019

39.1 The above mentioned segments do not necessarily match with the organizational structure of Modaraba.

	2018						
	Diminishing Musharaka financing	Investments	Ijarah operations	Rental property	Others	Manufacturing Pharma	Total
	Rupees						
Segment Revenues	7,534,269	47,843,143	68,286,886	-	1,469,398	157,790,868	282,924,564
Segment Results							
Segment income and Sales	7,534,269	47,843,143	68,286,886	-	-	157,790,868	281,455,165
Other income	-	-	-	-	1,469,398	-	1,469,398
Operating expenses	-	-	(49,520,774)	-	-	-	(49,520,774)
Manufacturing expenses	-	-	-	-	-	(115,804,231)	(115,804,231)
Unallocated operating expenses	-	-	-	-	(27,555,035)	(94,654,235)	(122,209,270)
Unrealized gain	-	(2,622,368)	-	-	-	-	(2,622,368)
Profit / (loss) for the year	7,534,269	45,220,775	18,766,112	-	(26,085,637)	(52,667,598)	(7,232,079)
Other information							
Capital expenditure	-	-	8,550,000	-	3,334,310	23,564,879	55,027,464
Depreciation	-	-	72,525,648	-	2,910,784	19,113,097	94,549,529
Assets and liabilities							
Segment assets	51,232,508	334,150,916	219,906,055	-	-	66,396,991	671,686,470
Unallocated assets	-	-	-	-	185,495,818	-	185,495,818
Total assets	51,232,508	334,150,916	219,906,055	-	185,495,818	66,396,991	857,182,287
Segment liabilities	-	-	42,429,748	-	-	-	42,429,748
Unallocated liabilities	-	-	-	-	93,964,486	-	93,964,486
Total liabilities	-	-	42,429,748	-	93,964,486	-	136,394,233



# Notes to the Financial Statements

for the year ended June 30, 2019

	2019	2018
	Numbers	
40. NUMBER OF EMPLOYEES		
As at year end	20	87
Average Employees	54	77

## 41. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed bonus in the proportion of 01 certificate for every 10 certificates i.e. 10% (2018: bonus in the proportion of 01 certificate for every 10 certificates i.e. 10%) held at their meeting held 26th September, 2019. The financial statements for the year ended June 30, 2019 do not include the effect of the above which will be accounted for in the period in which it is declared.

## 42. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

## 43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26th September, 2019 by the Board of Directors of the Modaraba Management Company.

## 44. GENERAL

The figures have been rounded off to the nearest rupees.

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

-Sd-  
Chief Financial Officer  
S. Aamir Hussain

-Sd-  
Chief Executive  
Shuja Malik

-Sd-  
Director  
Farah Qureshi

-Sd-  
Director  
A. Rahim Suriya







# Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2019

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
743	1	to 100	28,731
763	101	to 500	171,241
584	501	to 1000	432,432
816	1001	to 5000	1,709,008
158	5001	to 10000	1,079,383
81	10001	to 15000	973,718
42	15001	to 20000	738,500
28	20001	to 25000	629,922
13	25001	to 30000	360,423
9	30001	to 35000	291,335
9	35001	to 40000	340,941
5	40001	to 45000	217,888
6	45001	to 50000	285,555
6	50001	to 55000	327,800
2	55001	to 60000	113,700
4	60001	to 65000	244,750
4	65001	to 70000	277,860
4	70001	to 75000	293,200
2	75001	to 80000	154,492
2	80001	to 85000	161,172
1	85001	to 90000	85,800
4	90001	to 95000	367,720
1	95001	to 100000	100,000
1	105001	to 110000	106,150
1	110001	to 115000	111,083
2	125001	to 130000	253,000
3	130001	to 135000	396,450
1	135001	to 140000	138,600
1	140001	to 145000	143,000
1	145001	to 150000	147,400
1	165001	to 170000	167,800
1	170001	to 175000	172,433
1	185001	to 190000	187,000
1	230001	to 235000	231,000
1	240001	to 245000	244,977
1	270001	to 275000	271,700
1	345001	to 350000	347,451
1	360001	to 365000	364,524
1	445001	to 450000	446,450
1	490001	to 495000	492,700
1	570001	to 575000	574,887
1	600001	to 605000	605,000
2	820001	to 825000	1,650,000
1	1645001	to 1650000	1,650,000
1	1650001	to 1655000	1,650,220
1	3850001	to 3855000	3,854,973
1	5430001	to 5435000	5,432,878
<u>3315</u>			<u>29,025,247</u>



# Categories of Certificate Holders

As at June 30, 2019

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage (%)
<b>Directors and their spouse(s) and minor children</b>			
MAJID HASAN	1	3,281	0.01
SHUJA MALIK	1	1,650,000	5.68
<b>Associated Companies, undertakings and related parties</b>			
UDL MODARABA MANAGEMENT (PVT) LTD	1	5,432,878	18.72
KHALID MALIK	1	3,854,973	13.28
KOMAL MALIK	1	825,000	2.84
SUNYA AHMED	1	825,000	2.84
SHAHIDA MALIK	2	1,652,640	5.69
TRUSTEES OF FIRST UDL MODARABA			
STAFF PROVIDENT FUND	1	138,600	0.48
<b>Executives</b>	-	-	-
<b>Public Sector Companies and Corporations</b>	6	483,452	1.67
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	14	189,295	0.65
<b>Mutual Funds</b>			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	574,887	1.98
<b>General Public</b>			
LOCAL	3248	11,630,783	40.07
<b>Foreign Companies</b>	1	2,367	0.01
<b>Others</b>	36	1,762,091	6.07
	<b>3315</b>	<b>29,025,247</b>	<b>100.00</b>

## Certificate holders holding 5% or more

UDL MODARABA MANAGEMENT (PVT) LTD
KHALID MALIK
SHUJA MALIK
SHAHIDA MALIK

Shares Held	Percentage
5,432,878	18.72
3,854,973	13.28
1,650,000	5.68
1,652,640	5.69





# Notice of Annual Review Meeting

Notice is hereby given that Annual Review Meeting of Certificate-Holders of **First UDL Modaraba** will be held on October 25th, 2019 at 10:30 a.m. at NBF & Modaraba Association of Pakistan, Office No # 602, Progressive Centre, 30-A, Block-6, PECHS, Shahr-e-Faisal, Karachi to review the performance of the Modaraba for the year ended June 30, 2019.

The certificate-holders whose names appear on the register of certificate-Holders of FUDLM on the close of business as on October 18th, 2019 will be eligible to attend the Annual Review Meeting.

By order of the board

-Sd-

Syed Aamir Hussain  
Company Secretary

Karachi: October 4th, 2019



## نوٹس برائے سالانہ جائزہ اجلاس

بذریعہ ہذا اطلاع دی جاتی ہے کہ فرسٹ یوڈی ایل مضاربہ کے سرٹیفکیٹ ہولڈر کا سالانہ جائزہ اجلاس 25 اکتوبر 2019ء بوقت 10:30 بجے صبح بمقام این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان، دفتر نمبر 602، پروگریسیو سینٹر، 30-اے، بلاک-6، پی ای سی ایچ ایس، شارع فیصل، کراچی منعقد کیا جائے گا جس میں 30 جون 2019ء کو ختم شدہ سال کیلئے مضاربہ کی کارکردگی کا جائزہ لیا جائے گا۔

سرٹیفکیٹ ہولڈرز جن کے نام ایف یوڈی ایل ایم کے سرٹیفکیٹ ہولڈرز کے رجسٹر پر 18 اکتوبر 2019ء کے بمطابق کاروبار کے اختتام پر ظاہر ہو رہے ہوں گے وہ سالانہ جائزہ اجلاس میں شریک ہونے کے اہل ہوں گے۔

بحکم بورڈ

سید عامر حسین  
کمپنی سکریٹری

کراچی، 4 اکتوبر، 2019





# 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 25, 2019 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.





















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### **First UDL Modaraba**

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