

NOTICE OF EXTRAORDINARY GENERAL MEETING



First UDL Modaraba



**NOTICE OF EXTRA ORDINARY GENERAL MEETING OF THE CERTIFICATE HOLDERS
OF FIRST UDL MODARABA**

Notice is hereby given pursuant to the Order dated May 12, 2023, passed by the Hon'ble High Court of Sindh at Karachi ("**High Court**") passed in Judicial Miscellaneous Application bearing JCM No. 10 of 2023, wherein the High Court directed to convene separate meetings of the members for approval of the Scheme of Arrangement between First UDL Modaraba and UDL International Limited and UDL Financial Services Limited. In this regard, as approved by the Board in its meeting held on June 15, 2023 an Extra Ordinary General Meeting of the certificate holders of the First UDL Modaraba will be held at NBFi & Modaraba Association of Pakistan, Office No 602, Progressive Centre, 30-A, Block-6, PECHS, Sharah-e-Faisal, Karachi on Friday, July 14, 2023 at 10:30 a.m. as well as through Video Conferencing facility to transact the following business:

Ordinary Business

1. To confirm the minutes of Annual Review Meeting held on October 26, 2022.

Special Business

2. To consider and if thought fit approve, adopt and agree to the Scheme of Arrangement between First UDL Modaraba ("**FUDLM**") and UDL International Limited ("**UDLI**") and UDL Financial Services Limited ("**UDLF**") and their respective members and to pass the following resolutions as special resolutions under Sections 133 and 279 of the Companies Act, 2017 with or without modification addition(s) or deletion(s):

RESOLVED THAT the Scheme of Arrangement between FIRST UDL MODARABA and its Members, UDL International Limited and its Members and UDL Financial Services Limited and its Members, considered by this meeting and initiated by the Chairman of this meeting for purposes of identification, be and is hereby approved, adopted and agreed.

Subject to sanction of the Scheme of Arrangement between FUDLM, UDLI, UDLF and their respective members, by the High Court in terms of the draft laid before this EOGM, and for purpose of identification signed by the Chief executive or Company secretary or Chief Financial Officer thereof, or with such alteration or modification thereof as may be directed by the high Court, approval be and is hereby given to the aforesaid Scheme for the purpose of:

1. That Scheme of Arrangement under section 279 to 283 and 285 read with Section 505 (1)(C) of the Companies Act 2017 between FUDLM, UDLI, UDLF and their respective members put before the meeting be and is hereby agreed, approved and adopted subject to any modification which may be required by the high Court; and
2. The Chief Executive Officer or Company Secretary or Chief Financial Officer of FUDLM on behalf of FUDLM to do or cause to be done all acts, deeds and things as may be considered necessary and appropriate, ancillary or incidental on behalf of FUDLM for the completion and implementation of the merger in accordance with the Scheme of Arrangement including without limitation:



- i. To make such amendments, alterations to and modifications in the Scheme of Arrangement from time to time as may be required by the High Court or any other regulator and any such modification shall also be deemed to have been approved by the members of FUDLM through this resolution without the need for passing a fresh resolution;
 - ii. To take such other actions and execute such other documents as may be necessary or expedient for the purposes of giving effect to the spirit and intent of the above resolution;
 - iii. To take and complete the steps to effectuate all or any of the resolutions passed hereby;
 - iv. To submit all such documents and information as may be required by the High Court or any other regulator in relation to the merger of FUDLM with and into UDLI and simultaneous hiving down of its diminishing musharika portfolio with and into UDLF and obtain their sanction in terms of section 279 to 283 and 285 read with Section 505 (1)(C) of the Companies Act, 2017, execute and sign all such documents including certificates, applications, notices, reports, letters and any other documents or instruments including (without limitation) any amendments, additions, deletions, or substitutions to any of the foregoing as may be required in respect of the merger or any action incidental or ancillary thereto;
 - v. To delegate all or any of the powers hereby granted in favour of the legal counsels, consultants, advisors and/or any other person and to authorize them to exercise such power and to make statements, submissions, filling etc., before the High Court and any other regulator for the implementation of the Scheme of Arrangement for the merger of FUDLM with and into UDLI and simultaneous hiving down of its diminishing musharika portfolio with and into UDLF; and
 - vi. To perform all other actions, deeds, acts etc., that are required to complete the proposed merger transaction.
3. Any other act be performed or step be taken which may be ancillary and / or incidental to the above and necessary to fully achieve the subject of this resolution.

A statement of material facts under section 134 (3) of the Companies Act 2017 relating to the aforesaid special business to be transacted at the said Extra Ordinary General Meeting is being sent to the members, along with the copy of this notice.



A copy of the Scheme of Arrangement, Special Purpose audited accounts for the period March 31, 2023 and proxy form is also being sent to the members along with this notice.

A copy of the EOGM notice, Statement of Material Facts, Scheme of Arrangement, Special Purpose audited accounts for the period March 31, 2023 and proxy form is being placed at the company's website: www.udl.com.pk

Mr. Syed Aamir Hussain, CFO and Company Secretary of First UDL Modaraba will act as Chairman of the meeting and will report the result thereof to the Court in accordance with the Order of the Court dated May 12, 2023.

The Scheme of Arrangement will be subject to the subsequent approval of the High Court.

Dated : 23-06-2023.
Karachi.

BY THE ORDER OF THE BOARD
Syed Aamir Hussain
Company Secretary

Notes :

1. The certificate holders whose names appear on the register of certificate holders of FUDLM on the close of business as on July 6, 2023 would be eligible to attend the EOGM.
2. The certificate transfer books of the Modaraba will remain closed from 7th July 2023 to 14th July, 2023 (both days inclusive). Transfers received in order at the office of our Registrar, CDC Registrar Service Ltd., CDC House, Shahrah-e-Faisal, Karachi, before the close of business hours on Thursday July 6th, 2023 would be eligible to vote.

Change of Address

1. Members having physical certificates of the Modaraba are requested to notify changes in address immediately, if any, in their registered addresses to our Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shakra-e-Faisal Karachi-74400.
2. In case of CDC Account holders then notify the change in address directly to concerned broker/participant/CDC Investor Account Services.
3. A Certificate holder of the Modaraba entitled to attend and vote at this meeting may attend the meeting personally or appoint a certificate holder as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the registered office address of Modaraba, not less than 48 hours before the meeting.



For attending the Meeting:

4. In case of an individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original computerized national identity card (CNIC).
5. In case of corporate entity, the board of directors resolutions / power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

For appointing Proxies:

6. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
7. Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the Proxy.
8. Attested copies of CNIC of the beneficial owner and proxy shall be furnished along with the proxy form.
9. The proxy shall produce his/her original CNIC at the time of the meeting.
10. In case of corporate entity, the board of directors resolutions / power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the Proxy form to the Modaraba.

Video Conferencing Facility:

In terms of Companies Act, 2017, members residing in a city holding at least 10% of the total paid-up share capital may demand the facility of Video Link for participating in the Extra Ordinary General Meeting. The request for video-link facility shall be received by the Modaraba at the registered address at least 7 days prior to the date of the meeting. The facility would be provided subject to availability of such facility in that City.

I/We _____ of _____ being a member of First UDL Modaraba, holder of _____ Ordinary Certificates as per Registered Folio # _____ hereby opt for video conference facility at _____



Video Link Facility for Meeting:

Securities and Exchange Commission of Pakistan (SECP) has advised vide circular No 4 of 2021 dated February 15, 2021 to provide participation of the members through electronic means. The members can attend the EOGM via, Video Link. To attend the meeting through Video Link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (CNIC) (Both Sides)/ passport, attested copy of board resolution/power of attorney (in case of corporate certificate holders) through email at info@udl.com.pk by July 7, 2023.

Name of Member/Proxy Holder	CNIC #	Folio #/ Account #	CDC	Cell #	Email ID

Polling on Special Resolutions:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 (“the Regulations”) amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan (“SECP”), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as Special Business.

Accordingly, members of First UDL Modaraba will be allowed to exercise their right to vote through electronic voting facility “e-Voting” or voting by post for the special business in its forthcoming Extraordinary General Meeting to be held on Friday, July 14, 2023, at 10.30 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

Procedure for E-Voting:

- i. Details of the e-voting facility will be shared through an e-mail with those members of the company who have their valid CNIC numbers, cell numbers and e-mail addresses available in the register of members of the company by the close of business on July 6th, 2023.
- ii. The web address, login requirements will be communicated to members via email. The security code, if any, will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- iii. Identity of the Members intending to cast through e-voting shall be authenticated through signature or authentication for login.
- iv. E-Voting Lines will start from July 10 at 09:00 AM and shall close on July 13, 2023 at 05:00 PM. Members can cast their votes anytime during this period. Once the Vote on a Resolution is cast by a Member, he/she shall not be allowed to change it subsequently.



Procedure for Voting through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting (Mr. Syed Aamir Hussain) through Post on the Company's registered address First UDL Modaraba, 1st Floor, Business Enclave, 77C, 12th Commercial Street, DHA Phase II (Extension), Karachi, Pakistan or email at info@udl.com.pk one day before the Extra Ordinary General Meeting on July 13, 2023 up to 5.00 PM. The signature of certificate holder on the ballot paper shall match the signature on the CNIC.

The postal poll paper is also available for download from the website of the Company at www.udl.com.pk or use the same as attached to this Notice and published in the newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

Scrutinizer:

In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s.UHY Hassan Naem & Co , Chartered Accountants, a QCR rated audit firm, to act as Scrutinizer of the Company for the Special Business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.



STATEMENT OF INFORMATION FOR THE MEMBERS OF THE COMPANY UNDER SECTION 281 OF THE COMPANIES ACT, 2017

In Judicial Miscellaneous Application No. 10 of 2023, the Honorable High Court of the Sindh at Karachi has been petitioned under Sections 279 to 283 and Section 285 read with Section 505(1)(C) of the Companies Act, 2017 for sanction of and for other orders in respect of a Scheme of Arrangement (“Scheme”) between **First UDL Modaraba**, a listed Modaraba, incorporated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, with its registered office situated at 1st Floor Business Enclave, 77-C, 12th commercial Street, Off: Kh-e-Ittehad, DHA Phase-II Extension, Karachi and its Members, **UDL International Limited**, public unlisted company limited by shares, incorporated on May 19, 2022 under the laws of the Islamic Republic of Pakistan, with its registered office situated at 1st Floor Business Enclave, 77-C, 12th Commercial Street, Off: Kh-e-Ittehad, DHA Phase-II Extension, Karachi and its members and **UDL Financial Services Limited**, an Investment Finance Services Company, which would engage in Islamic Financial Activities, including Diminishing Musharika, Ijarah, Musharika’s etc. with its registered office situated at 1st Floor Business Enclave, 77-C, 12th commercial Street, Off: Kh-e-Ittehad, DHA Phase-II Extension, Karachi and its Members.

In such proceedings the Honorable Court has directed the convening of separate meetings of the Members of each of the Petitioners/Companies for seeking their agreement to the Scheme. A copy of the Scheme is provided with this Statement.

The accompanying Notice convenes the meeting of the Members of the Petitioners/ Companies as directed by the Court. It is intended to propose the following resolution for consideration at the meeting:

RESOLVED THAT the Scheme of Arrangement between FIRST UDL MODARABA and its Members, UDL International Limited and its Members and UDL Financial Services Limited and its Members, considered by this meeting and initiated by the Chairman of this meeting for purposes of identification, be and is hereby approved, adopted and agreed.

As required by Section 279(2) of the Companies Act, 2017 this resolution has to be passed at the meeting convened under the orders of the High Court in number representing three-fourth (3/4) in value of the Members present and voting in person or by proxy in accordance with the amount credited as paid up on the share certificates held by the Members of First UDL Modaraba. The sanction of the Scheme and the making of the other appropriate orders in connection therewith will be considered by the Court after the Scheme is agreed by the requisite majority at the meeting being convened for this purpose under the order of the Court for the Members of each Company separately.

In case you are unable to attend the meeting convened by accompanying Notice you are asked to complete the proxy form attached to the Notice (in which you can direct the proxy as to how you wish them to vote) and send the completed form as soon as possible to the Company Secretary at the registered office situated at 1st Floor Business Enclave, 77-C, 12th commercial Street, Off: Kh-e-Ittehad, DHA Phase-II Extension, Karachi. Proxies for the meeting will not be treated valid if the proxy form is received less than forty-eight (48) hours before the time of the meeting.

**BALLOT PAPER FOR VOTING THROUGH POST**

For voting through post for Special Business at the Extra Ordinary General Meeting of First UDL Modaraba to be held on Friday, July 14, 2023 at 10.30 AM at NBF1 & Modaraba Association of Pakistan, Office No 602, Progressive Centre, 30-A, Block-6, PECHS, Sharah-e-Faisal, Karachi.

Email address of the Chairman of the meeting at which the duly filled ballot paper may be sent: info@udl.com.pk.

Name of Certificate Holder/Joint Certificate Holder	
Registered Address	
Folio #/CDC Participant ID/Investor ID with sub-account #	
Number of Shares held	
CNIC/NICOP/Passport # (in case of foreigner)(Copy to be attached)	
Additional information and enclosures (In case of representatives of body corporates, corporations And Federal Government)	
Name of Authorized Signatory	
CNIC/NICOP/Passport # (in case of foreigner)of authorized signatory (Copy to be attached)	

SPECIAL RESOLUTIONS**Agenda Item 2**

To consider and if thought fit approve, adopt and agree to the Scheme of Arrangement between First UDL Modaraba ("FUDLM") and UDL International Limited ("UDLI") and UDL Financial Services Limited ("UDLF") and their respective members and to pass the following resolutions as special resolutions under Sections 133 and 279 of the Companies Act, 2017 with or without modification addition(s) or deletion(s):

RESOLVED THAT the Scheme of Arrangement between FIRST UDL MODARABA and its Members, UDL International Limited and its Members and UDL Financial Services Limited and its Members, considered by this meeting and initiated by the Chairman of this meeting for purposes of identification, be and is hereby approved, adopted and agreed.

Subject to sanction of the Scheme of Arrangement between FUDLM, UDLI, UDLF and their respective members, by the High Court in terms of the draft laid before this EOGM, and for purpose of identification signed by the Chief executive or Company secretary or Chief Financial Officer thereof, or with such alteration or modification thereof as may be directed by the high Court, approval be and is hereby given to the aforesaid Scheme for the purpose of:

1. That Scheme of Arrangement under section 279 to 283 and 285 read with Section 505 (1)(C) of the Companies Act 2017 between FUDLM, UDLI, UDLF and their respective members put before the meeting be and is hereby agreed, approved and adopted subject to any modification which may be required by the high Court; and
2. The Chief Executive Officer or Company Secretary or Chief Financial Officer of FUDLM on behalf of FUDLM to do or cause to be done all acts, deeds and things as may be considered necessary and appropriate, ancillary or incidental on behalf of FUDLM for the completion and implementation of the merger in accordance with the Scheme of Arrangement including without limitation:
 - i. To make such amendments, alterations to and modifications in the Scheme of Arrangement from time to time as may be required by the High Court or any other regulator and any such modification shall also be deemed to have been approved by the members of FUDLM through this resolution without the need for passing a fresh resolution;
 - ii. To take such other actions and execute such other documents as may be necessary or expedient for the purposes of giving effect to the spirit and intent of the above resolution;
 - iii. To take and complete the steps to effectuate all or any of the resolutions passed hereby;
 - iv. To submit all such documents and information as may be required by the High Court or any other regulator in relation to the merger of FUDLM with and into UDLI and simultaneous living down of its diminishing musharika portfolio with and into UDLF and obtain their sanction in terms of section 279 to 283 and 285 read with Section 505 (1)(C) of the Companies Act, 2017, execute and sign all such documents including certificates, applications, notices, reports, letters and any other documents or instruments including (without limitation) any amendments, additions, deletions, or substitutions to any of the foregoing as may be required in respect of the merger or any action incidental or ancillary thereto;



- v. To delegate all or any of the powers hereby granted in favour of the legal counsels, consultants, advisors and/or any other person and to authorize them to exercise such power and to make statements, submissions, filling etc., before the High Court and any other regulator for the implementation of the Scheme of Arrangement for the merger of FUDLM with and into UDLI and simultaneous hiving down of its diminishing musharika portfolio with and into UDLF; and
 - vi. To perform all other actions, deeds, acts etc., that are required to complete the proposed merger transaction.
3. Any other act be performed or step be taken which may be ancillary and / or incidental to the above and necessary to fully achieve the subject of this resolution.

I/we hereby exercise my/our vote in respect of above-mentioned special resolution through Postal Ballot by conveying my/our assent or dissent to the said resolutions by placing tick (✓) in the appropriate Box below:

		I/we assent to the Resolution	I/We dissent to the Resolution
1.	Special Resolution as per Agenda Item # 2 (as given above)		

 Certificate Holder/ Proxy Holder signature/Authorized Signatory

(In case of corporate entity, please affix stamp)

Place: _____

Date: _____

Notes:

1. Duly filled postal ballots should be sent to the Chairman of the meeting (Mr. Syed Aamir Hussain) at First UDL Modaraba, 1st Floor Business Enclave, 77-C, 12th commercial Street, Off: Kh-e-Ittehad, DHA Phase-II Extension, Karachi or through email at info@udl.com.pk.
2. Copy of CNIC, NICOP/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot form should reach the Chairman of the Meeting on or before July 13, 2023 up to 05:00 pm. Any Postal Ballot received after this time/date, will not be considered for voting.
4. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolutions/ Power of Attorney/ Authorization Letter, etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate, etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the matter.
5. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (in case of foreigner).
6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.



نوٹ:

- ۱۔ ایسے سرٹیفکیٹ ہولڈرز جن کے نام ایم ایڈیٹیو ایبل ایم کے سرٹیفکیٹ ہولڈرز کے رجسٹر میں مورخہ ۶ جولائی ۲۰۲۳ کو کاروباری اوقات کے اختتام پر موجود ہوں گے، وہ اس غیر معمولی اجلاس عام میں شرکت کے اہل ہوں گے۔
- ۲۔ مضامین سرٹیفکیٹ ٹرانسفر سیکس فرسٹ جولائی ۲۰۲۳ تا ۱۳ جولائی ۲۰۲۳ء (بشمول دونوں دن) بند رہیں گی۔ ہمارے رجسٹرار سی ڈی سی رجسٹرار سرورٹولڈ، سی ڈی سی ہاؤس، شاہراہ فیصل، کراچی کو روز جمعرات ۶ جولائی ۲۰۲۳ کو کاروباری اوقات کے اختتام سے قبل معمول ٹرانسفر ووٹ کے لئے اہل تصور کیے جائیں گے۔

بچے کا رجسٹر

- ۱۔ مضامین بچے کو غیر سرٹیفکیٹس رکھنے والے عمران سے درخواست ہے کہ اپنے بچوں میں تبدیلی، اگر کوئی ہو، سے اپنے رجسٹرڈ بچوں کے بارے میں ہمارے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سرورٹولڈ، سی ڈی سی ہاؤس، ۹۹-بی، بلاک بی، ایٹس ایم سی ایٹس ایچ، بین شاہراہ فیصل، کراچی۔ ۳۳۰۰ کے پتے پر مطلع کریں۔
- ۲۔ سی ڈی سی اکاؤنٹ ہولڈرز اپنے بچوں کی بھی تبدیلی سے براہ راست اپنے متعلقہ بروکر یا ریٹینینٹ / سی ڈی سی ایگنٹس کو اکاؤنٹ سرورٹولڈ، سی ڈی سی ہاؤس، ۹۹-بی، بلاک بی، ایٹس ایم سی ایٹس ایچ، بین شاہراہ فیصل، کراچی۔ ۳۳۰۰ کے پتے پر مطلع کریں۔
- ۳۔ مضامین بچہ کو کوئی بھی سرٹیفکیٹ ہولڈر جو اس اجلاس میں شرکت کرنے اور ووٹ دینے کا اختتام کر سکتا / رکھتی ہے، وہ اجلاس میں ذاتی طور پر شرکت کر سکتا / سکتی ہے یا کسی دوسرے سرٹیفکیٹ ہولڈر کو اپنی جگہ شرکت کرنے اور ووٹ دینے کے لئے اپنا پراسی مٹر کر سکتا / سکتی ہے۔ پراسی مٹر کے موثر ہونے کیلئے لازم ہے کہ وہ مضامین بچہ کو درج بالا ہے چاہے چاہے اس کے مشرورہ وقت سے کم از کم ۲۸ گھنٹے قبل موصول ہو جائیں۔

اجلاس میں شرکت کے لئے

- ۴۔ افرادی صورت میں اکاؤنٹ ہولڈر یا غیر معمولی اکاؤنٹ ہولڈر اور / یا ایجنٹس کے گروپ یا کمیٹی کے ممبروں کو اکاؤنٹ کی صورت میں ہونے اور ان کی رجسٹریشن تفصیلات خواہ اپنی کے مطابق آپ لوڈ کر دی گئی ہوں، ان کو اپنی شناخت اپنا پاس پیپر انڈر ڈو کی شناختی کارڈ (سی این آئی سی) پیش کرنے کے ساتھ کرنا ہوگی۔
- ۵۔ کارپوریت ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پارٹ آف انارٹی شیول نامزد کردہ کے نمونہ دستخط اجلاس کے وقت پیش کرنا ہوں گے (اگر یہ پیش فرمائیں نہیں کیے گئے)۔

پراسی مٹر کے لئے

- ۶۔ افرادی صورت میں اکاؤنٹ ہولڈر یا غیر معمولی اکاؤنٹ ہولڈر اور / یا ایجنٹس کے گروپ یا کمیٹی کے ممبروں کو اکاؤنٹ کی صورت میں ہونے اور ان کی رجسٹریشن تفصیلات خواہ اپنی کے مطابق آپ لوڈ کر دی گئی ہوں، ان کو پراسی فارم درج بالا شرائط کے مطابق جمع کرانے ہوں گے۔
- ۷۔ دو افراد جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں، پراسی مٹر کے لئے ہوں گے۔
- ۸۔ جینیٹل انزاور پراسی مٹر کے لئے سی این آئی سی کی تصدیق لفظوں پراسی فارم کے ساتھ فراہم کرنا ہوں گی۔
- ۹۔ پراسی مٹر کو اجلاس کے وقت اپنا سی این آئی سی پیش کرنا ہوگا۔
- ۱۰۔ کارپوریت ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پارٹ آف انارٹی شیول نامزد کردہ کے نمونہ دستخط مضامین بچہ کو درج بالا ہے چاہے چاہے اس کے ساتھ پیش کرنا ہوں گے (اگر یہ پیش فرمائیں نہیں کیے گئے)۔

وڈیو کانفرنسنگ کی سہولت

کمپنیز ایکٹ، ۲۰۱۷ء کے تحت کسی ایک شہر میں قائم ایسے عمران جو مجموعی اثاثہ شیئرنگ کیلئے کام از کم ۱۰ فیصد رکھتے ہوں، غیر معمولی اجلاس عام میں شرکت کے لئے وڈیو کنفرسنگ کی سہولت کے مطالبہ کر سکتے ہیں۔ وڈیو کنفرسنگ کی سہولت کے لئے درخواست مضامین بچہ کو اس کے رجسٹرڈ پتے پر اجلاس کی تاریخ سے کم از کم سات دن قبل موصول ہو جائے۔ یہ سہولت اس شہر میں اس سہولت کی دستیابی پر فراہم کر دی جائے گی۔

میں / ہم، _____ بابت _____ بحیثیت فرسٹ ایڈیٹیو ایبل مضامین بچہ کو ایک شیئر ہولڈر، حامل _____ عمومی سرٹیفکیٹس مطابق رجسٹر فیوڈی ایڈیٹیو ایبل اکاؤنٹ نمبر _____ بذریعہ بذاتہ نام _____ پر وڈیو کانفرنسنگ کی سہولت کی طلب رکھتا ہوں / رکھتے ہیں۔

اجلاس کے لئے وڈیو کنفرسنگ

کمپنیز ریگولیشنز ۲۰۱۷ء (ایٹس ایم سی ایچ) نے اپنے سرٹیفکیٹ نمبر ۲۰۲۱ مورخہ ۱۵ فروری ۲۰۲۱ء کے تحت عمران کو ایجنٹس ایک طریقہ کار کے ذریعے شرکت کرنے کی ہدایت کی ہے۔ عمران ایڈیٹیو ایبل میں سرٹیفکیٹ ہولڈر وڈیو کنفرسنگ کر سکتے ہیں۔ وڈیو کنفرسنگ کے لئے اجلاس میں شرکت کے لئے عمران اور ان کے پراسی مٹر سے درخواست کی جاتی ہے کہ وہ درج ذیل معلومات پیش کرنا اور اپنا پاس پیپر انڈر ڈو کی شناختی کارڈ (سی این آئی سی) کی کارڈ پائلٹ (دونوں اطراف) یا پیپرٹس (دونوں اطراف) کی قرارداد / پارٹ آف انارٹی کی تصدیق لفظوں پراسی مٹر کے ساتھ پیش کرنا ہوں گے (سی ڈی سی ہاؤس، ۹۹-بی، بلاک بی، ایٹس ایم سی ایٹس ایچ، بین شاہراہ فیصل، کراچی۔ ۳۳۰۰)۔

ممبر / پراسی مٹر ہولڈر کا نام	سی این آئی سی نمبر	فولیڈیر / سی ڈی سی اکاؤنٹ نمبر	موبائل نمبر	ای میل آئی ڈی

خصوصی قراردادوں پر نوٹ

کمپنیز (پوسٹل ٹیلٹ) ریگولیشنز، ۲۰۱۸ء (دی ریگولیشنز) ترمیم شدہ غائب سیکورٹیز ایکٹ ۲۰۱۷ء کے تحت عمران کو ایجنٹس ایک طریقہ کار کے ذریعے شرکت کرنے کی ہدایت کی ہے۔ عمران ایڈیٹیو ایبل میں سرٹیفکیٹ ہولڈر وڈیو کنفرسنگ کر سکتے ہیں۔ وڈیو کنفرسنگ کے لئے اجلاس میں شرکت کے لئے عمران اور ان کے پراسی مٹر سے درخواست کی جاتی ہے کہ وہ درج ذیل معلومات پیش کرنا اور اپنا پاس پیپر انڈر ڈو کی شناختی کارڈ (سی این آئی سی) کی کارڈ پائلٹ (دونوں اطراف) یا پیپرٹس (دونوں اطراف) کی قرارداد / پارٹ آف انارٹی کی تصدیق لفظوں پراسی مٹر کے ساتھ پیش کرنا ہوں گے (سی ڈی سی ہاؤس، ۹۹-بی، بلاک بی، ایٹس ایم سی ایٹس ایچ، بین شاہراہ فیصل، کراچی۔ ۳۳۰۰)۔



ای ڈولنگ کے لئے شرطیں

- (i) ای ڈولنگ سہولت کی تفصیلات بذریعہ ای میل کینی کے منبر ان کے فراہم کر دی جائیں گی جنہوں نے اپنے کارڈ می این آئی سی نمبر موبائل فون نمبر اور ای میل ایڈریس ۶ جولائی ۲۰۲۳ کو کارڈ باری اور اثبات کے اختتام تک کینی کے منبر ان کے رجسٹر میں درج کرا دیے ہوں گے۔
- (ii) ویب ایڈریس، الگ ان کی شرائط سے منبر ان کو بذریعہ ای میل آگاہ کر دیا جائے گا۔ سٹیٹو ریٹری کوڈ، اگر کوئی ہو، سے منبر ان کو ذی شیئر رجسٹر اور سر ملینڈ (ایٹورنری ویب سائٹ سے منبر ان کے لئے) کے ویب پورٹل سے بذریعہ ایس ایم ایس منبر ان کو آگاہ کر دیا جائے گا۔
- (iii) ای ڈولنگ کے ذریعے ووٹ کاست کرنے کے خواہشمند منبر ان کی شناخت دستخط الگ ان کے لئے کو توثیق کے ذریعے کی جائے گی۔
- (iv) ای ڈولنگ لائنز ۲۰۲۳ء ۹ صبح ۹:۰۰ بجے کھول دی جائیں گی اور ۱۳ جولائی ۲۰۲۳ کو شام ۵:۰۰ بجے بند کر دی جائیں گی۔ منبر ان مدت کے دوران اپنے ووٹ کاست کر سکتے ہیں۔ کسی ایمریکہ کی جانب سے کسی قرارداد کے لئے ایک بار ووٹ کاست کرنے کے بعد اسے تہہ کی اجازت نہیں دی جائے گی۔

پزل حاصل کرنے کے لیے ڈولنگ کا طریقہ کار

منبر ان کو اس امر کو یقینی بنانا ہوگا کہ باقاعدہ شیڈ اور دستخط شدہ جلیٹ پیپر بشمول کپیڈ انڈیکسڈ ڈی سی این آئی سی) اجلاس کے پیپر میں (جناب سید عامر حسین) کو بذریعہ ڈاک کینی کے رجسٹرڈ پتے فرسٹ یو ڈی ایل مضاربہ، جلیٹ منزل، پرنس انگیو، ۷۷ سی۔ ۲۰۲۳ کو شام ۵:۰۰ بجے کھول دی جائیں گی، پاکستان کو یو ای میل ایڈریس info@udl.com.pk پر ایف ڈی ایم عملی اجلاس عام سے ایک دن قبل یعنی ۱۳ جولائی ۲۰۲۳ کو شام ۵:۰۰ بجے تک یا اس سے قبل وصول ہو جائیں۔ جلیٹ پیپر پر یزیکٹ ہولڈر کے دستخطی این آئی سی پر موجود دستخط سے مماثل ہونے چاہئیں۔

پزل پول کینی کے ویب سائٹ www.udl.com.pk پر ڈاؤن لوڈ کرنے کے لئے بھی دستیاب ہیں جس ان ٹوٹس کے ساتھ منسلک یا اخبارات میں شائع شدہ کسی ایسی کو بھی استعمال کیا جا سکتا ہے۔ براہ مہربانی آگاہیوں کو ڈولنگ میں کسی تنازعہ کیلئے ایک سے زائد ووٹ کاست کرنے کی صورت میں پیپر میں فیصلہ کرنے کا اختیار رکھتے ہیں۔

چابج پڑھنے والے

ریگولیشن کے ضابطہ نمبر ۱۱ کے مطابق کینی کے بورڈ نے میمبرز چابج والے حسن تعمیر کینی، چارڈرڈ آکاؤنٹینٹس، ایک QCR ریٹڈ آڈٹ فرم کو اجلاس میں انجام دینے والے خصوصی امور اور دیگر ذمہ داریاں انجام دینے کے لئے کینی کا اسٹریٹریٹرز کر دیا گیا ہے، جیسے کہ ریگولیشن کے ضابطہ 11A میں وضاحت کی گئی ہے۔

کینیٹرز ۲۰۲۳ء کے تحت کینی کے منبر ان کے لئے اطلاعات کا شیڈول

جوڈیشل متفرق درخواست نمبر ۱ اہم ۲۰۲۳، میں معزز ذی کوٹ سندھ منبر ان کے لئے مفقودہ ڈاؤن لوڈ شدہ زیر دفعات ۲۴۹ اور ۲۴۹A ساتھ لاکر پرنٹس کینیٹرز ایکٹ، ۲۰۱۷ء کی سیکشن (C) (۱) کے تحت فرسٹ یو ڈی ایل مضاربہ، ایک سٹریٹ مضاربہ، تشکیل کردہ مضاربہ کینیٹرز اور مضاربہ (فونیشن اور کنٹرول) آرڈیننس ۱۹۸۰ کے تحت اس کے رجسٹرڈ آفس ایڈریس جلیٹ منزل، پرنس انگیو، ۷۷ سی۔ ۲۰۲۳ کو شام ۵:۰۰ بجے کھول دی جائیں گی، پاکستان کو یو ای میل ایڈریس info@udl.com.pk پر ایف ڈی ایم عملی اجلاس عام سے ایک دن قبل یعنی ۱۳ جولائی ۲۰۲۳ کو شام ۵:۰۰ بجے تک یا اس سے قبل وصول ہو جائیں۔ جلیٹ پیپر پر یزیکٹ ہولڈر کے دستخطی این آئی سی پر موجود دستخط سے مماثل ہونے چاہئیں۔

معزز کوٹس ان کارڈ ایس میں ہدایت کی گئی تھی کہ کینیٹرز ان کے ایگریمنٹ کے سلسلے میں ہر ایک پیپر کینیٹرز کے منبر ان کے الگ اجلاس منعقد کی جائیں۔ اس سیکشن کی ایک نقل فرم کی گئی ہے۔ پیپر کینیٹرز کے منبر ان کے اجلاس منعقد کرنے کا نوٹس منسلک ہے جیسا کہ عدالت کی جانب سے ہدایت کی گئی تھی۔ اس سلسلے میں تجویز کیا گیا ہے کہ اجلاس میں فورے کے لیے درج ذیل قرارداد پیش کی جائے:

قرارداد فرسٹ یو ڈی ایل مضاربہ اور اس کے منبر ان، یو ڈی ایل انٹرنیشنل لیٹرز اور اس کے منبر ان اور یو ڈی ایل فائٹل سر ملینڈ اور اس کے منبر ان کے درمیان ایک آف انڈیکسٹ اس اجلاس میں زیر غور لائی گئی تھی اور اس اجلاس کے تحت منبر ان کی جانب شناخت کے مقاصد کے لئے آڈٹ کر دیا گیا ہے، ۱۱ جولائی ۲۰۲۳ کو شام ۵:۰۰ بجے پزل حاصل کر دیا جائے گا۔

جیسا کہ کینیٹرز ایکٹ، ۲۰۱۷ء کی سیکشن ۲۷ (۲) کے تحت درکار ہے، قرارداد کی کوٹس کے احکامات کے تحت منبر ان کے اجلاس میں موجود منبر ان کی تین چوتھائی تعداد کی نامزدگی اور ذیل طور پر پراپرٹی کے ذریعے ڈولنگ کے تحت فرسٹ یو ڈی ایل مضاربہ کے منبر ان کے پاس موجود پیپر سٹریٹریٹرز اور ہوا شدہ کے مطابق بیع کرانی گئی تھی۔ ان کے ساتھ منظور کرانی گئی۔ ان کی سیکشن کی منظوری اور اس سلسلے میں دیگر موزوں احکامات پزل ہر ایک کینیٹرز کے منبر ان کے الگ اجلاس میں منعقد کے حکم کے تحت اس مقدمہ کے لئے منبر ان کے اجلاس میں طلبہ تعداد میں ان کے رضامندی حاصل کرنے کے بعد عدالت کی جانب زیر غور لایا جائے گا۔

اس صورت میں آپ کو ایک منسلک نوٹس کے ذریعے منبر ان کے منبر ان سے قاصر ہوں تو آپ نوٹس کے ساتھ منسلک پراپرٹی فارم (جس میں آپ براہ راست پراپرٹی کو ہدایت کر سکتے ہیں) کو آپ کے طریقہ اپنے ووٹ کا استعمال چاہتے ہیں) کے اس فارم کو جلد از جلد کینیٹرز کے پاس موجود پیپر سٹریٹریٹرز اور ہوا شدہ کے مطابق بیع کرانی گئی تھی۔ ان کے ساتھ منظور کرانی گئی۔ ان کی سیکشن کی منظوری اور اس سلسلے میں دیگر موزوں احکامات پزل ہر ایک کینیٹرز کے منبر ان کے الگ اجلاس میں منعقد کے حکم کے تحت اس مقدمہ کے لئے منبر ان کے اجلاس میں طلبہ تعداد میں ان کے رضامندی حاصل کرنے کے بعد عدالت کی جانب زیر غور لایا جائے گا۔



۳۔ کسی بھی دیگر امور یا اقدام ہر دے کارا یا چا سکتا ہے جس کی مذکورہ بالا کارروائی کے لئے اتفاق ضرورت اور/یا درکار ہو تا کہ اس قرارداد کے مکمل مقاصد حاصل کیے جاسکیں۔

میں/ ہم بذریعہ مذکورہ بالا خصوصی قرارداد کے سلسلے میں میری/ ہماری رضامندی یا عدم منظوری ظاہر کرتے ہوئے مذکورہ قرارداد کے لیے پوئلہج پلٹ پر موجود نیچے درج درست باکس میں نشان (v) لگا رہے ہیں۔
مندرجہ ذیل بکس:

میں/ ہم قرارداد پر اختلاف ہیں	میں/ ہم قرارداد پر رضامند ہیں		
		خصوصی قرارداد برطانیہ ایجنڈا ۲۱ (نظم نمبر: 2)	۱

مشرکیت ہولڈر پر آپسی ہولڈر کے درختا/ مجاز سکیٹیوی (کارپوریٹ ادارے کی صورت میں برائے مہربانی اسنا سب چپاں کریں)

مقام _____

تاریخ _____

نوٹ:

- ۱۔ باقاعدہ ہر شدہ پوئلہج پلٹ اجلاس کے جہتیز بین (جناب سید عامر حسین) کو فرسٹ یو ڈی ایل مندار بہ آفس، پہلی منزل، بزنس انکلیو، ۷۷ سی ۱۲ ویں کمرشل اسٹریٹ، آف خیابان اتحاد، ڈی ایچ اے، فیئر-۱۱۱، گلڈینٹن، کراچی یا بذریعہ ای میل info@udl.com.pk پر ارسال کیے جائیں۔
- ۲۔ سی این آئی سی، ناٹیکو پ یا سپورٹ (غیر ملکی ہونے کی صورت میں) کی کاپی پوئلہج پلٹ فارم کے ساتھ منسلک ہونے چاہئیں۔
- ۳۔ پوئلہج پلٹ فارم اجلاس کے جہتیز بین کو ۱۳ جولائی ۲۰۲۳ء، شام ۵:۰۰ بجے تک موصول ہو جائیں۔ مقررہ تاریخ اور وقت کے بعد موصول ہونے والے پلٹ ووننگ کے لیے قابل غور تصور نہیں ہوں گے۔
- ۴۔ کسی باڈی کارپوریٹ، کارپوریشن یا وفاقی حکومت کا نمائندہ ہونے کی صورت میں پلٹ جہتیز فارم کے ساتھ لازمی طور پر کسی جانچنے والے کے سی این آئی سی کی نقل، بورڈی کاررواد/ پاور آف اٹارنی/ مجاز لیٹرو جیرو کی تصدیق و توثیق کی جائے، ۲۰۱۷ء کے سیکشن ۱۳۸ اور ۱۳۹ کے مطابق منسلک ہوئیں جیسا کہ یہ مروجہ ہے۔ غیر ملکی باڈی کارپوریٹ و غیر کی صورت میں تمام دستاویزات متعلقہ عدوڈ کے حامل پاکستانی قوصلہ جزل کی جانب سے تصدیق شدہ ہونے چاہئیں۔
- ۵۔ پوئلہج پلٹ پر موجود درختا سی این آئی سی، ناٹیکو پ یا سپورٹ (غیر ملکی ہونے کی صورت میں) پر کیے گئے درختا سے متامل ہوں۔
- ۶۔ ناممل، غیر درختا شدہ، غیر درست،، غیر واضح، کئے پختے، ہمہ اور دراننگ کے حامل پلٹ جہتیز ستر و کر دیے جائیں گے۔



SCHEME OF ARRANGEMENT

UNDER SECTION 279 to 283 and Section 505 (1)(c) OF THE COMPANIES ACT 2017

BETWEEN

FIRST UDL/MODARABA

AND

UDL INTERNATIONAL LIMITED

AND

UDL FINANCIAL SERVICES LIMITED





PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- (a) Part I, which deals with the introduction, definitions, rationale and objects of the Scheme;
- (b) Part II, which deals with the 100% Merger of First UDL Modaraba with and into UDL International Limited and simultaneously, upon merger of First UDL Modaraba with and into UDL International Limited, the UDL International Limited shall hive down Diminishing Musharika portfolio of the First UDL Modaraba, with and into its wholly owned subsidiary UDL Financial Services Limited. Resultantly, First UDL Modaraba shall be dissolved and cease to exist without winding up. Accordingly, the Modaraba Management Company of First UDL Modaraba shall amend its Memorandum of Association and shall duly surrender its registration; and
- (c) Part III, which deals with the general terms and conditions applicable to Part II of the Scheme.

1. PART I

1.1. Introduction

- (a) **FIRST UDL MODARABA** is a listed Modaraba (herein after referred to as UDL Modaraba), floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, with its registered office situated at 1st Floor, Business Enclave, 77-C, 12th Commercial Street, OFF: Kh-e-Ittehad, DHA, Phase-II Extension, Karachi.

It is a multipurpose Modaraba, allowed to engage in all types of businesses, including manufacturing, trading, distribution, financial activities, etc. UDL Modaraba, in the past had been involved in commodity trading and was also engaged in the manufacturing and marketing of Pharmaceuticals, however, due to the weakening rupee coupled with other factors, manufacturing was discontinued. At present, the Modaraba is engaged in providing Islamic Financing through the Diminishing Musharika Mode of financing and also holds certain investments in listed securities and term deposits. The Modaraba has been in business for more than 30 years and has consistently distributed profits for most of its existence.

The certificate capital structure of UDL Modaraba as on November 30, 2022 is as follows:

Authorised

50,000,000 certificates of PKR 10 each

Issued, Subscribed and Paid-up

35,120,548 (certificates) of PKR 10 each

- (b) **UDL INTERNATIONAL LIMITED** (hereinafter referred to as "UDL International") is a public unlisted company, incorporated under the provisions of the Companies Act 2017 on May 19, 2022, with its registered office situated at 1st Floor, Business Enclave, 77-C, 12th Commercial Street, OFF: Kh-e-Ittehad, DHA, Phase-II Extension, Karachi.

The share capital structure of UDL International as on November 30, 2022 is as follows:

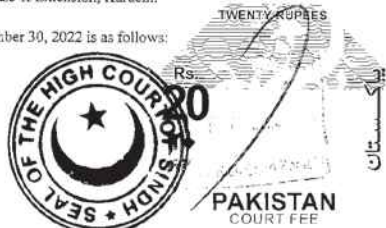
Authorised

50,000 shares of PKR 10 each

Issued, Subscribed and Paid-up

10,000 (Ordinary Shares) of PKR 10 each

UDL International has never traded and has no assets and liabilities other than those resulting from its incorporation and issued share capital.





- (c) **UDL FINANCIAL SERVICES LIMITED** (hereinafter referred to as the “**UDL Financial**”), an Investment Finance Services Company, engaged in Islamic Financial Activities, including Diminishing Musharika, Ijarah, Musharika’s etc. It is a wholly owned subsidiary of UDL International.

The share capital structure of UDL Financial is as follows:

Authorised

10,000,000 shares of PKR 10 each

Issued, Subscribed and Paid-up

1000 (Ordinary Shares) of PKR 10 each

UDL International has never traded and has no assets and liabilities other than those resulting from its incorporation and issued share capital.

- (d) The principal object of this Scheme of Arrangement (the “**Scheme**”) is to effect the Merger (defined hereunder) of the entire undertaking and business of UDL Modaraba together with all properties, assets, rights, liabilities, quotas, obligations, diminishing musharika and non-diminishing musharika portfolios of every description of UDL Modaraba to be transferred to and stand vested in, and be assumed by UDL International as subsisting on the Effective Date, in the manner provided for in this Scheme, pursuant to the provisions of Sections 279 to 283 and 505(1)(c) of the Companies Act 2017; in exchange for which shares will be issued by UDL International to the certificate holders of UDL Modaraba and the entire certificate capital in UDL Modaraba shall be cancelled and consequently UDL Modaraba shall be dissolved and cease to exist without winding up in accordance with the terms of the sanction order of the Court (defined hereunder) under Sections 279 to 283 and 505(1)(c) of the Act (defined hereunder). Whereas, pursuant to the sanction of Scheme by the High Court of Sindh at Karachi and subsequent to the amalgamation of UDL Modaraba with and into UDL International, UDL International shall be listed on Pakistan Stock Exchange as a Public listed company and its shares shall be traded on Pakistan Stock Exchange in the same manner as those of certificates of UDL Modaraba.



(e) Simultaneously, upon merger of UDL Modaraba, with and into UDL International, UDL International shall hive down Diminishing Musharika portfolio along with certain other assets and liabilities as more fully disclosed in the split balance sheet, that will form part of the diminishing musharika portfolio, with and into its wholly owned UDL Financial, while the non-diminishing musharika portfolio shall be retained in the UDL International. In exchange for such assets, the UDL Financial shall issue share capital to UDL International. Consequently, in accordance with the Special Purpose Balance Sheets, and Share Swap Ratio Report, UDL International shall without any further application issue and allot 22,500,000 shares of PKR 10 each, valued as fully paid-up, to UDL International which is based on the carrying value of the diminishing musharika portfolio.

1.2. Definitions

- (a) In this Scheme, unless the subject or context otherwise requires, the following terms stated herein shall have the meanings assigned thereto:
- (i) “**Act**” means the Companies Act, 2017.
 - (ii) “**Assets**” means the assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible).
 - (iii) “**Commission**” means the Securities and Exchange Commission of Pakistan.



- (iv) "Court" means the High Court of Sindh at Karachi under Sections 279 to 283 of the Act;
- (v) "Effective Date" means the date as defined in terms of clause 2.3 (a).
- (vi) "Merger" is defined in Part II of this Scheme;
- (vii) "Scheme" means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved by the Court;
- (viii) "Shares" means the ordinary shares of PKR 10 each in the certificate capital of UDL Modaraba to be entirely cancelled pursuant to this Scheme;
- (ix) "Share Swap Ratio Report" means the Share Swap Ratio Report as defined under Section 2.4 (c) of this Scheme;

1.3. Objects of the Scheme of Arrangement

- (a) The principal object of this Scheme is to effect the Merger and Amalgamation of UDL Modaraba with and into UDL International by:
 - (i) transferring entire undertaking and business including its Diminishing Musharika and non- diminishing musharika portfolios together with all properties, assets, rights, liabilities, quotas and obligations of every description which are described more precisely in Part II of this Scheme, whose transfer and vesting shall take effect on and from the Effective Date;
 - (ii) the transfer of and vesting in UDL International, in exchange for which Shares will be issued by UDL International to certificate holders of UDL Modaraba and the entire certificate capital in UDL Modaraba shall be cancelled as specified in Part II, Section 2.5 of this Scheme.; and
 - (iii) Simultaneously, upon merger of UDL Modaraba, with and into UDL International, UDL International shall hive down its Diminishing Musharika portfolio along with certain other assets and liabilities that will form part of the diminishing musharika portfolio, to its wholly owned UDL Financial, while the non- diminishing musharika portfolio shall be retained in the UDL International. In exchange for such hive down, UDL Financial shall issue share capital to UDL International.



1.4. Rationale of the Scheme of Arrangement

The rationale for Merger of UDL Modaraba with and into UDL International and simultaneous hive down of Diminishing Musharika portfolio to UDL Financial by UDL International upon of UDL Modaraba pursuant to this Scheme is as follows:

The current environment, local and global, encourages mergers, amalgamations and acquisitions, in order to create diversified asset profile, multiple revenue streams, increased operational and management competence and better risk management and to have an overall resilience to absorb and tide-over anticipated and unexpected hardships caused by local and global socio-economic changes.

- (ii) UDL Modaraba, being a perpetual, multipurpose and multidimensional Modaraba is allowed to engage in all types of business activities, including manufacturing, trading, marketing, licensed financial activities, etc. The Modaraba is listed on Pakistan Stock Exchange. However, it is considered desirable and expedient to merge entire assets of UDL Modaraba with and into UDL International in the manner and on the terms and conditions as contained in this Scheme, as companies are provided with more flexible legislative options by incorporating new subsidiaries for new businesses and raise capital from capital markets with ease of managing distinct business divisions independent of one another. Consequently, each business division is capable of addressing independent business opportunities.



- (iii) UDL International was incorporated solely for the purpose of acquiring UDL Modaraba and has not previously traded and holds no assets of its own. Whereas UDL Financial is incorporated for managing the financial activities of the diminishing musharika portfolio of UDL International, which requires a Non-Banking Finance Company ("NBFC") licence from the Commission.
- (iv) The simultaneous hiving down of the Diminishing Musharika portfolio from UDL International to its wholly owned UDL Financial, upon merger of the Diminishing Musharika and non-diminishing musharika portfolios of UDL Modaraba with and into UDL International is likely to enable the business activities relating to the Diminishing Musharika portfolio to be pursued and carried on with greater focus and attention by an independent company in the form of UDL Financial having its own business focus and adoption of strategies necessary for the growth of the respective business.
- (v) The hiving down of the Diminishing Musharika portfolio is also necessary as UDL International would be engaged in trading and its wholly owned subsidiary i.e., UDL Financial would be engaged in financial activities that require a Non-Banking Finance Company licence from the Commission. Both the UDL International and UDL Financial companies shall be Shariah compliant companies pursuant to fulfillment of criteria defined under the provisions of Section 451 of the Act, and Shariah Governance Regulations, 2018 introduced under S.R.O. 1318 (I)/2018 dated November 2, 2018 by the Commission.
- (vi) The Merger seeks to create a new platform for independent growth of the Business in a more focused manner, while allowing UDL International to concentrate on its growth efforts, thereby *inter alia* strengthening each company's ability to undertake and develop their respective businesses effectively.
- (vii) The Certificate Holders of UDL Modaraba shall hold shares in UDL International thereby becoming shareholders in UDL International. This gives the shareholders the ability to continue to remain invested in UDL giving them greater flexibility in managing their investments as opposed to Modaraba.

2. PART II

2.1 Merger - The transfer and vesting of UDL Modaraba in UDL International



From the Effective Date, without any further act, deed, instrument, matter or thing, UDL Modaraba shall stand merged with its entire business and undertaking with and into UDL International and shall cease to exist without winding up in accordance with the sanction of the Court pursuant to Sections 279 to 283 and Section 505 (1)(c) of the Act and other provisions of the Act in the manner provided for in this Scheme and shall comprise of UDL Modaraba together with all properties, assets, rights, liabilities, quotas, obligations, diminishing Musharika and non-diminishing musharika portfolios of every description of UDL Modaraba to be transferred to and stand vested in, and be assumed by UDL International including, without limitation, properties of all kinds and by whatever title held, whether movable or immovable or tangible or intangible, and without limiting the generality of the foregoing, particularly in accordance with the Special Purpose Balance Sheet. Moreover, requisite formalities shall be completed in accordance with the prospectus of UDL Modaraba which includes but is not limited to serving of notices upon the certificate holders of UDL Modaraba for determination and cancellation of modaraba certificates and issuance of ordinary shares in UDL International and hence, handing over the physical certificates by the certificate holders to UDL International.

- (b) Without limiting the generality of the foregoing, all immovable assets and properties, as identified in the Special Purpose Balance Sheet shall stand transferred to UDL International as of the Effective Date, and all bodies, institutions and concerned government departments shall effect such transfer in the name of UDL International without any act, delay or deed and without payment of any amount, fees, charges, levies or taxes of whatsoever nature.



- (c) All the rights, debts, liabilities and obligations of UDL Modaraba at the Effective Date shall, without any further act, deed or instrument, be transferred and vested in UDL International so as to become as and from the Effective Date the rights, debts, liabilities and obligations of UDL International.
- (d) All assets and properties of UDL Modaraba, including, without limitation, properties of all kinds and by whatever title held, whether movable or immovable or tangible or intangible, and without limiting the generality of the foregoing in particular:
- (i) the office furniture, etc at the rented premises located at 1st Floor, Business Enclave, 77-C, 12th Commercial Street, OFF: Kh-e-Itchad, DHA, Phase-II Extension, Karachi.
 - (ii) all equipment, tools, appliances, computer systems and equipment, motor and other vehicles, furniture, fixtures and fittings;
 - (iii) all contracts entered into by or subsisting in favour of UDL Modaraba which remain in whole or in part to be performed, inclusive of all rights and obligations of UDL Modaraba arising thereunder;
 - (iv) all contracts, agreements, trusts, leases, hires, rentals, sub-leases, tenancies, conveyances, grants, instruments of transfer, engagements, commitments and arrangements entered into by UDL Modaraba;
 - (v) all actionable claims, book, trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable to UDL Modaraba (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, loans made, investments (both short term and long term, including without limitation, investments in shares, debentures, debt instruments and other securities), cash in hand and at banks or other depositories;
 - (vi) all historical and current documents, customer lists, products, catalogues, literature, employee records, documents of title, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and any advertising or other promotional materials and other accounting (including management accounting reports) and other financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche) in relation to UDL Modaraba;
 - (vii) all connections and facilities for telecommunication owned by, or leased or licensed to UDL Modaraba, including mobile phones, telephones, telexes and facsimile and the benefit of all payments and deposits made by or for the account of UDL Modaraba in connection therewith;
 - (viii) all connections, meters and other installations owned by, or leased or licensed to, UDL Modaraba for the supply of electricity, gas and water and the benefit of all payments and deposits made by or for the account of UDL Modaraba in connection therewith;
 - (ix) all rights, powers, authorities and privileges of UDL Modaraba including all registrations, licences, permits, categories, entitlements, sanctions, approvals and permissions as detailed under Schedule I attached hereto;
 - (x) all rights, title and interest of UDL Modaraba in technical data and know-how, industrial and technical information, trade secrets, confidential information, drawings, formulations, instruction manuals, product specifications, the results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche) and computer software;
 - (xi) all rights, title and interest of UDL Modaraba anywhere in the world and the goodwill in respect of any trademarks, service marks, trade names, trading styles, copyrights, designs, patents, inventions, secret processes, know-how and confidential information, including, without limitation, any licences (inclusive of the benefits and burdens of such licences) for the same, and any applications or the rights to apply for protection or registration of





any of the same and any continuing, reissue, divisional and re-examination patent application;

- (xii) the goodwill of UDL Modaraba;
- (xiii) all other rights, powers, authorities and privileges of UDL Modaraba including, without limitation:
 - (aa) all registrations, licences, permits, categories, entitlements, authorisations, sanctions, permissions and approvals issued or granted by any government, governmental department or agency, or any statutory or local authority or any municipal corporation; and
 - (bb) all concessions, entitlements, tariff protections and duty and tax exemptions and remissions; and
 - (cc) all credits and refunds on account of sales tax, customs duties, taxes including, levies, fees, charges, or imposts paid on account of, or in connection with any properties, assets or materials comprised in the UDL Modaraba; and
 - (dd) all rights against third parties (including sub-contracts and any retention of title rights);
- (xiv) all debts and other liabilities and obligations of UDL Modaraba whether accrued or accruing or contingent and whether incurred solely or jointly with another or others including amounts owing to banks and financial institutions and other creditors;
- (xv) all loans, advances, finances, leases and banking facilities provided to, or agreed to be provided to, UDL Modaraba inclusive of interest, mark up or other return and bank charges in respect thereof;
- (xvi) all amounts owing (whether or not due for payment) or payable by UDL Modaraba in respect of the supply of goods, utilities and services to UDL Modaraba and which are unpaid (including, without limitation, credit notes granted and advances received from suppliers or customers);
- (xvii) the liabilities of UDL Modaraba on account of its employees including such liabilities payable on termination of service by way of gratuity, redundancy, provident fund, pension or otherwise;

the liabilities of UDL Modaraba for payment of taxes, and the entitlements of UDL Modaraba to credit or refund of payments made for or in respect of any assessment or liability for taxes including advance tax collections;

the benefits of any policies of insurance issued to or otherwise available to UDL Modaraba; and

all legal proceedings, if any, instituted by or against UDL Modaraba that may be pending before the Effective Date shall be continued by or against UDL International in respect of non-diminishing musharika portfolio and by or against UDL Financial in respect of the hived down diminishing musharika portfolio of UDL Modaraba, with UDL Modaraba having no further liability.

2.2. Hiving down of Diminishing Musharika Portfolio of UDL Modaraba

- (a) With effect from the Effective Date, without any further act, deed, instrument, matter or thing, there will be a simultaneous demerger by way of which UDL International shall hive down the diminishing musharika undertaking of the UDL Modaraba with and into the UDL Financial. While the non-diminishing musharika undertaking of UDL Modaraba shall be retained by UDL International in accordance with the sanction order of the Court pursuant to Sections 279 to 283 and 505(1)(c) of the Act and other relevant provisions of the Act in the manner provided for in this Scheme and shall comprise of diminishing musharika portfolio of UDL Modaraba together with all properties, assets, rights, liabilities, quotas, obligations, Diminishing Musharika and diminishing musharika portfolios of every description of UDL Modaraba to be transferred to





and stand vested in, and be assumed by UDL Financial including, without limitation, properties of all kinds and by whatever title held, whether movable or immovable or tangible or intangible, and without limiting the generality of the foregoing, particularly in accordance with the Special Purpose Balance Sheet.

- (b) Without limiting the generality of the foregoing, all immovable assets and properties, as identified in the Special Purpose Balance Sheet in respect of diminishing musharika portfolio of UDL Modaraba shall stand transferred from UDL International, pursuant to the merger of UDL Modaraba and UDL International, with and into UDL Financial as of the Effective Date, and all bodies, institutions and concerned government departments shall effect such transfer in the name of UDL Financial without any act, delay or deed and without payment of any amount, fees, charges, levies or taxes of whatsoever nature.
- (c) All the rights, debts, liabilities and obligations of the diminishing musharika portfolio of UDL Modaraba with and into UDL International, pursuant to the merger of UDL Modaraba and UDL International, at the Effective Date shall, without any further act, deed or instrument, simultaneously be transferred and vested and be assumed by UDL Financial so as to become as and from the Effective Date the rights, debts, liabilities and obligations of UDL Financial.
- (d) All assets and properties to the extent of diminishing musharika portfolio of UDL Modaraba as mentioned in clause 2.1 (d) of this Scheme, including, without limitation, properties of all kinds and by whatever title held, whether movable or immovable or tangible or intangible, shall, pursuant to the merger of UDL Modaraba and UDL International, be simultaneously hived down through demerger of the diminishing musharika undertaking assumed by UDL International, with and into UDL Financial.

2.3. Effective Date

- (a) The effective date of the Scheme shall be later of the date on which Scheme is sanctioned by the High Court and the date on which License to undertake Non Banking Finance Business is obtained by UDL International's wholly owned subsidiary, UDL Financial from the Commission.
- (b) The merger of UDL Modaraba and its transfer to and vesting in UDL International, in accordance with the terms and conditions of this Scheme shall be treated as having taken effect from the Effective Date, and as from that time the UDL Modaraba shall be deemed to have been carried on for and on account of and in trust for UDL International and all profits and losses accruing or arising to or incurred by UDL Modaraba (including any taxes paid or deducted or withheld) from the Effective Date shall be treated as the profits or losses (including any taxes paid or deducted or withheld), as the case may be, of UDL International.



Similarly, the simultaneous hiving down of the diminishing musharika portfolio from UDL International with and into its wholly owned UDL Financial in accordance with the terms and conditions of this Scheme, shall also be treated as having taken effect from the Effective Date. On the Effective Date, the diminishing musharika component shall be deemed to have been carried on for and on account of and in trust for UDL Financial and all profits and losses accruing or arising to or incurred by UDL International to the extent of diminishing musharika portfolio (including any taxes paid or deducted or withheld) from the Effective Date shall be treated as the profits or losses (including any taxes paid or deducted or withheld), as the case may be, of UDL Financial.

2.4. Issuance and Cancellation of Shares / Certificates

- (a) Upon the Scheme becoming operative and in consideration of the Merger and transfer of UDL Modaraba with and into UDL International in accordance with the Special Purpose Balance Sheets, and the Share Swap Ratio Report, UDL International shall without any further application:
 - (i) Cancel the shares in UDL International then held by its shareholders;
 - (ii) issue and allot 35,120,548 shares of PKR 10 each, credited as fully paid-up, to Certificate Holders of UDL Modaraba; i.e. 1 fully paid up share of PKR 10 each of UDL International for every 1 fully paid up certificate holding of PKR 10 (Pak Rupees Ten) each held in UDL Modaraba to the Certificate Holders whose names appear in the



register of members of UDL Modaraba as on the Effective Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors;

- (b) Resultantly, certificate holders shall have proportionate shareholding in UDL International in equivalent proportion to that of their certificate holding in UDL Modaraba. Consequently, entire certificate holding of UDL Modaraba would be cancelled through allotment of proportionate shares issued by UDL International to the certificate holders of UDL Modaraba.
- (c) The above arrangement has been determined on the basis of the accounts of UDL Modaraba as of November 30, 2022 and the workings of A. F. Ferguson & Co., Chartered Accountants in terms of their letter dated ("Share Swap Ratio Report"), the Share Swap Ratio Report has been approved by the Board of Directors of UDL Modaraba and UDL International.
- (d) The allotment of the shares and entire cancellation of certificate capital in terms of this Scheme shall be made within ninety (90) days from the date of filing of the order of the Court with the Commission.
- (e) Simultaneously, upon the Scheme becoming operative and in consideration of the Merger and transfer of UDL Modaraba with and into UDL International in accordance with the Special Purpose Balance Sheets, and the Share Swap Ratio Report, UDL International shall give down the diminishing musharika portfolio with and into UDL Financial. Consequently, in accordance with the Special Purpose Balance Sheets, and Share Swap Ratio Report, UDL Financial shall without any further application issue and allot 22,500,000 shares of PKR 10 each, credited as fully paid-up, to UDL International which is based on the carrying value of the diminishing musharika portfolio.

2.5. Discharge of Liabilities of UDL Modaraba by UDL International

- (a) All contracts, agreements, commitments, engagements and arrangements, grants, instruments of transfer, rights, powers, authorities, and privileges entered into by or subsisting in favour of UDL Modaraba upon being transferred to and vested in UDL International shall remain in full force and effect as if originally entered into by or granted in favour of UDL International instead of UDL Modaraba and UDL International may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.
- (b) The debts, liabilities and obligations of UDL Modaraba upon being transferred to and vested in UDL International shall be treated as the debts, liabilities and obligations of UDL International as if originally incurred by UDL International instead of UDL Modaraba and UDL International shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly.
- (c) On and from the Effective Date, UDL Modaraba shall cease to exist as going concern without winding up and shall stand released and discharged from all obligations to pay and discharge debts and liabilities and to perform all obligations transferred to and vested in UDL International under this Scheme.
- (d) In regard of any debts and liabilities transferred to and vested in UDL International in respect of which the creditors concerned were provided a security interest over the assets being retained by UDL Modaraba under this Scheme, the securities so held by such creditors shall on and from the Effective Date stand released by them to the extent and for the purposes of such debts and liabilities and such securities shall be substituted by securities of a similar nature which UDL International shall provide over the assets of UDL International.
- (e) All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against UDL Modaraba pending on or immediately before the Effective Date with any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against UDL International and may be continued, prosecuted and enforced by or against UDL International accordingly.





2.6. **Employees**

- (a) From the Effective Date, all employees of UDL Modaraba shall become employees of UDL International or UDL Financial, along with the benefit of all outstanding dues, benefits and entitlements of past service.

3. **PART III**

3.1. **GENERAL TERMS AND CONDITIONS**

(a) **Effectiveness of the Scheme**

- (i) The terms of this Scheme shall be operative and binding by operation of law on sanction of the Scheme by the Court from the Effective Date.
- (ii) The Merger and simultaneous demerger and hive down in terms of this Scheme shall not constitute any assignment, transfer, devolution, conveyance alienation, parting with possession or other disposition under any law for the time being in force. Further it shall not give rise to any forfeiture, invalidate or discharge any contract or encumbrance.
- (iii) As on the Effective Date, the terms of this Scheme shall be binding on UDL International and UDL Modaraba and also on the shareholders, Certificate Holders and creditors of UDL International and UDL Modaraba or any other person, including all regulators, and government authorities, etc., having any right or liability in relation to any of them.
- (iv) As on the Effective Date, the terms of this Scheme shall be binding on UDL International and UDL Financial and also on their shareholders or creditors or any other person, including all regulators, and government authorities, etc., having right or liability in relation to any of them.

(b) **Application to the High Court of Sindh**

- (i) UDL Modaraba, UDL International and UDL Financial shall jointly, with all reasonable steps, make necessary applications to the Court for sanction and carrying out of this Scheme. UDL Modaraba, UDL International and UDL Financial shall also take such other steps, as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.



(c) **Modification and Implementation**

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of UDL Modaraba, UDL International and UDL Financial, affect the validity and implementation of the other parts or provisions of this Scheme. The Board of Directors of UDL Modaraba, UDL International and UDL Financial may consent from time to time on behalf of all concerned to any modifications, amendments, substitutions, or additions made to this Scheme or to any conditions, which the Court may deem fit and appropriate to order, approve or direct.

(d) **Conditionality of the Scheme**

- (i) This Scheme is conditional upon and subject to sanction of the Court pursuant to Sections 279 to 283 and 505(1)(c) of the Act and may be sanctioned in its present form or with any modification or addition as the Court may approve and this Scheme with such modification or addition if any is also subject to any conditions, which the Court may impose.



(e) **Operation of the Scheme**

- (i) This Scheme shall become operative on the Effective Date. Unless this Scheme shall have become operative as aforesaid on the Effective Date or such later date (if any) as the Court may allow, this Scheme shall not become operative.

(f) **Costs**

- (i) UDL Modaraba, UDL International and UDL Financial shall bear their own costs, charges and expenses including stamp duties arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.





Schedule 1

List of Registrations, Licenses and Permits

NOT APPLICABLE





Schedule 2

Special Purpose Balance Sheets of UDL Modaraba





Schedule 2

**FIRST UDL MODARABA
SPECIAL PURPOSE BALANCE SHEET
AS AT 30 NOVEMBER 2022**

	Notes	First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
		A	B	C
Rupees				
ASSETS				
Non-current assets				
Fixed assets - tangible	3	25,388,131	19,602,719	5,785,412
Intangible assets	4	1,420,779	1,407,279	13,500
Long term investments	5	96,115,232	96,115,232	-
Diminishing Musharika Financing	6	68,079,124	-	68,079,124
Long term deposits	7	1,384,350	1,305,350	79,000
		192,387,616	118,430,590	73,967,036
Current assets				
Short term investments	8	235,239,797	155,239,797	80,000,000
Current portion of Diminishing Musharika Financing	6	48,909,409	-	48,909,409
Diminishing Musharika Financing installments receivable	9	935,511	-	935,511
Advances	10	4,477,200	4,477,200	-
Prepayments, deposits and other receivables	11	4,352,470	3,571,603	780,887
Taxation - net	12	18,778,824	18,778,524	-
Cash and bank balances	13	84,811,048	64,393,871	20,417,177
		395,503,959	244,460,995	151,042,964
TOTAL ASSETS		587,891,575	362,891,575	225,000,000
LIABILITIES				
Current liabilities				
Accrued and other liabilities	14	17,051,183	17,051,183	-
Unclaimed profit distributions	15	59,904,239	59,904,239	-
		76,955,422	76,955,422	-
TOTAL LIABILITIES		76,955,422	76,955,422	-
NET ASSETS		510,936,153	285,936,153	225,000,000

**REPRESENTED BY
CAPITAL AND RESERVES**

Issued, subscribed and paid up certificate capital
Statutory reserves
Accumulated profit
Certificate holders' equity

351,205,480
192,812,478
330,945
844,348,903



02/05/2023 01:48



SURPLUS ON REVALUATION OF INVESTMENTS
TOTAL CAPITAL AND RESERVES

(33,412,750)
510,938,153

459

NOTES TO THE ACCOUNTS:

1 LEGAL STATUS AND NATURE OF THE BUSINESS

1.1 First UDL Moderaba (the Moderaba) was formed in 1991 under the Moderaba Companies and Moderaba (Floatation and Control) Ordinance, 1980 and the Rules framed there under, having its registered office at 1st Floor, Business Enclave, 77-C, 12th Commercial Street, Off. Khayaban-e-Ittehad, DHA (Ext), Karachi and is managed by UDL Moderaba Management (Private) Limited (the Management Company), a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional Moderaba engaged in providing finance under Murabaha and Musharika arrangements, Ijarah, commodity trading, and trading in listed and non-interest bearing securities. The Moderaba is listed on Pakistan Stock Exchange.

1.2 The Board of Directors, in its meeting held on 26 September 2022, has in-principle approved conversion of the Moderaba into a public limited company by way of merger, subject to all requisite regulatory and legal approvals.

These Special Purpose Balance Sheets of Segments have been prepared for determining the Diminishing Musharika portfolio and Qrth portfolio of the Moderaba. Accordingly, these Special Purpose Balance Sheets of Segments are not suitable for any other purpose. These segments / portfolios are not operated as separate entities.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The 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 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directions issued under the Act;
- Moderaba Companies and Moderaba (Floatation and Control) Ordinance, 1980, Moderaba Companies and Moderaba Rules, 1981 and Moderaba Regulations 2021; and

Where the provisions of and directives issued under the Companies Act, 2017, the Moderaba Companies and Moderaba (Floatation and Control) Ordinance, 1980, Moderaba Companies and Moderaba Rules, 1981 and Prudential Regulations for Moderabas differ from IFRS Standards and IFAS, the provision of and directives issued under the Companies Act, 2017 the Moderaba Companies and Moderabas (Floatation and Control) Ordinance, 1980, Moderaba Companies and Moderaba Rules, 1981 and Prudential Regulations for Moderabas 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 Moderabas while accounting for lease-financing transaction as defined by the said standard. The Moderaba has adopted the said standard.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except otherwise disclosed in the financial statements with the requirements of IFRS - 9 "Financial Instruments", wherever applicable.

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

2.3 Basis of allocation

Basis of allocation of the assets and liabilities of the Moderaba to the Diminishing Musharika portfolio and Qrth portfolio results are disclosed in the notes underneath each financial statement line item.

2.4 Summary of significant accounting policies



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These Special Purpose Balance Sheets of Segments have been prepared in accordance with the accounting policies as applied in preparation of statutory financial statements of the Modaraba for the year ended 30 November, 2022.

The Special Purpose Balance Sheets of Segments do not comprise a full set of financial statements prepared in accordance with the approved accounting standards as applicable in Pakistan.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
3 Fixed assets - tangible				
Furniture and fittings	3.1	8,979,315	8,979,315	-
Books	3.1	8,595	8,595	-
Vehicles	3.1	14,033,317	8,247,905	5,785,412
Computer equipment	3.1	1,237,433	1,237,433	-
Office equipment and appliances	3.1	1,129,472	1,129,472	-
Assets leased out under Ijarah: Vehicles	3.1	-	-	-
		25,388,131	19,602,719	5,785,412

3.1 Fixed assets identified as exclusively relating to diminishing musharika business form part of the Diminishing Musharika portfolio and the remaining fixed assets form part of the Other portfolio.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
4 Intangible assets				
Computer software	4.1	1,420,779	1,407,279	13,500

4.1 Intangible assets identified as exclusively relating to diminishing musharika business form part of the Diminishing Musharika portfolio and the remaining intangible assets form part of the Other portfolio.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
5 Long term investments				
	Number of Shares / Certificates (face value Rs 10/-)			
Pharma & Bio Tech				
The Searle Company Limited	447,451	31,688,480	31,688,480	-
AGP Limited	20,000	1,447,600	1,447,600	-
IBL HealthCare Limited	20,368	909,635	909,635	-
		-	-	-
Food and Personal Care Products				
Gillette Pakistan Limited	163,385	23,012,984	23,012,984	-
Al Shaheer Corporation	97,333	1,108,623	1,108,623	-
Al-Tahur Id (PREMA)	21,645	443,756	443,756	-
		-	-	-
Cement				
Power Cement Limited	404,826	1,918,875	1,918,875	-
Fauji Cement	281,250	3,782,813	3,782,813	-
		-	-	-
Oil & Gas				
Sui Northern Gas Pipelines Limited	4,713	180,131	180,131	-
Sui Southern Gas Pipelines Limited	8,000	62,040	62,040	-
		-	-	-
Modaraba				
BRR Guardian Modaraba	1,982	26,162	26,162	-
		-	-	-
Real Estate Investment				

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Dolmen City REIT	105,500	1,427,415	1,427,415	463
Chemicals		-	-	-
United Distributors (Pakistan) Limited	589,419	11,592,570	11,592,570	-
Sitara Peroxide Limited	34,500	592,020	592,020	-
Textile Composite		-	-	-
International Knitwear Limited	832,153	9,453,258	9,453,258	-
United Brands Limited	219,570	2,650,210	2,650,210	-
Rupal Polyester Limited	100,000	2,820,000	2,820,000	-
Nishat Mills Limited	25,000	1,467,250	1,467,250	-
Power Generation & distribution		-	-	-
K-Electric Limited	374,500	966,210	966,210	-
Fixed Line Telecommunication		-	-	-
Worldcell Telecom Limited	180,000	265,200	265,200	-
		96,115,232	96,115,232	-

5.1 Long-term investments do not relate to the diminishing musharika business and hence are part of the Other portfolio.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
6 Diminishing Musharika Financing				
Diminishing Musharika Financing	6.1	118,667,438	-	118,667,438
Less: Provision in respect of Diminishing Musharika Financing	6.1	(1,678,905)	-	(1,678,905)
Less: Current portion shown	6.1	(48,909,409)	-	(48,909,409)
		68,079,124	-	68,079,124

6.1 The portfolio pertaining to diminishing Musharika financing relates exclusively to the diminishing musharika business and hence forms part of the Diminishing Musharika portfolio.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
7 Long term deposits				
Related party	7.1	735,000	735,000	-
Others	7.1	649,350	570,350	79,000
		1,384,350	1,305,350	79,000

7.1 Long term deposits identified as exclusively relating to diminishing musharika business form part of the Diminishing Musharika portfolio and the remaining long term deposits form part of the Other portfolio.

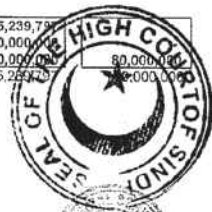
		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
8 Short term investments				
Investment in quoted securities	8.1 & 8.2	15,239,797	15,239,797	-
Investment in term deposit receipts	8.1 & 8.2	50,000,000	50,000,000	-
Investment in Mutual Fund - HBL Asset Management Limited	8.3	170,000,000	90,000,000	80,000,000
		235,239,797	155,239,797	80,000,000

8.1 Quoted Securities

Number of
Shares / Certificates
(face value Rs 10/-)

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12.1 Taxation does not relate to the diminishing musharika business and hence are part of the Other portfolio.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
13	Cash and bank balances			
	Cash in hand	13.1 650	650	-
	Cash at bank - in current accounts	13.1 49,576,365	49,576,365	-
	Cash at bank - in profit bearing accounts	18.1 35,234,033	14,816,856	20,417,177
		84,811,048	64,393,871	20,417,177

13.1 Cash and bank balances identified as exclusively relating to diminishing musharika business form part of the Diminishing Musharika portfolio whereas remaining balances form part of the Other portfolio.

14. Accrued and other liabilities

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
	Charity payable	22,937	22,937	-
	Provident fund	-	-	-
	Sindh Workers Welfare Fund	2,948,882	2,948,882	-
	Management Company's remuneration payable	141,081	141,081	-
	Sales tax on the Management Company fee payable	7,447,081	7,447,081	-
	Security deposit for property	6,000,000	6,000,000	-
	Others	491,222	491,222	-
		17,051,183	17,051,183	-

14.1 These do not relate to the diminishing musharika business and hence are part of the Other portfolio.

		First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
15	Unclaimed profit distributions	15.1 58,904,239	58,904,239	-

15.1 These do not relate to the diminishing musharika business and hence are part of the Other portfolio.





12.1 Taxation does not relate to the diminishing musharika business and hence are part of the Other portfolio.

	First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
13 Cash and bank balances			
Cash in hand	13.1 650	650	-
Cash at bank - in current accounts	13.1 49,576,365	49,576,365	-
Cash at bank - in profit bearing accounts	13.1 35,234,033	14,816,856	20,417,177
	84,811,048	64,393,871	20,417,177

13.1 Cash and bank balances identified as exclusively relating to diminishing musharika business form part of the Diminishing Musharika portfolio whereas remaining balances form part of the Other portfolio.

14 Accrued and other liabilities

	First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
Charity payable	22,937	22,937	-
Provident fund	-	-	-
Sindh Worker's Welfare Fund	2,948,882	2,948,882	-
Management Company's remuneration payable	141,081	141,081	-
Sales tax on the Management Company fee payable	7,447,061	7,447,061	-
Security deposit for property	6,000,000	6,000,000	-
Others	491,222	491,222	-
	17,031,183	17,031,183	-

14.1 These do not relate to the diminishing musharika business and hence are part of the Other portfolio.

	First UDL Modaraba	Other portfolio	Diminishing Musharika portfolio
15 Unclaimed profit distributions	15.1 59,804,239	59,804,239	

15.1 These do not relate to the diminishing musharika business and hence are part of the Other portfolio.





INDEPENDENT AUDITOR'S REPORT
To the certificate holders of First UDL Modaraba
Report on the Audit of the Financial Statements

**Grant Thornton Anjum
Rahman**

1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

T +92 21 35672951-56

Opinion

We have audited the annexed financial statements of First UDL Modaraba (the Modaraba), which comprise the balance sheet as at 31 March 2023, and the profit and loss account, the statement of other comprehensive income, the statement of changes in equity and the cash flows statement for the period from 01 July 2022 to 31 March 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, financial position of the Modaraba for the period from 01 July 2022 to 31 March 2022 and of its financial performance and its cash flows for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Modaraba in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2 of these financial statements which describe the basis of preparation. These financial statements are prepared to evaluate the possibilities for conversion of the Modaraba into a Public Limited Company subject to all requisite regulatory and legal approvals. As result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Modaraba's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants
Karachi
Date: 15 June 2023



**FIRST UDL MODARABA
BALANCE SHEET
AS AT 31 MARCH 2023**

		31 March 2023	30 June 2022
	Note	Rupees -----	
ASSETS			
Non-current assets			
Fixed assets - tangible	6	29,104,732	26,412,551
Intangible assets	7	1,141,403	1,832,498
Long term investments	8	88,583,543	105,826,135
Diminishing Musharakah Financing	9	55,638,462	93,201,258
Long term deposits	10	1,384,350	1,384,350
		175,852,490	228,656,792
Current assets			
Investments	11	244,529,741	247,693,994
Current portion of Diminishing Musharakah financing	9	45,562,208	44,251,358
Diminishing Musharakah financing rent receivable		1,125,684	806,270
Advances		5,323,200	4,584,455
Taxation - net		17,008,230	15,494,824
Prepayments, deposits and other receivables		5,898,318	29,281,160
Cash and bank balances	12	50,235,523	37,227,011
		369,682,904	379,339,072
TOTAL ASSETS		<u>545,535,394</u>	<u>607,995,864</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital	13	500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital	13	351,205,480	351,205,480
Statutory reserve		192,812,478	192,812,478
Accumulated profit		11,810	32,390,940
Certificate holders' equity		544,029,769	576,408,898
DEFICIT ON REVALUATION OF INVESTMENTS	14	(45,698,067)	(23,701,850)
Current Liabilities			
Accrued and other liabilities	15	17,570,787	26,989,295
Unclaimed profit distributions	16	29,632,906	28,299,521
		47,203,693	55,288,816
TOTAL EQUITY AND LIABILITIES		<u>545,535,394</u>	<u>607,995,864</u>
CONTINGENCIES AND COMMITMENTS	17		92

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



First UDL Modaraba

FIRST UDL MODARABA PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2023

	For the period from 01 July 2022 to 31 March 2023	For the year ended 30 June 2022
Note	----- Rupees -----	
Income / gain from:		
- Ijarah operations	-	28,750
- Diminishing Musharakah	16,180,835	20,316,717
- Sale of investments	23,851	3,709
- Rental property	-	2,149,076
- Dividend	19,914,944	7,242,888
- Bank balances / TDRs	8,286,155	17,594,855
- Other sources	2,490,879	94,489,979
	46,896,464	141,825,753
Unrealized loss on re-measurement of investments at FVTPL	(1,164,253)	(9,827,148)
	45,732,211	131,998,605
Operating expenses	18 (42,436,746)	(38,694,789)
Financial charges	(357,475)	(18,379)
	2,937,990	93,285,437
Management Company's remuneration	15.2 (293,799)	(9,328,544)
Sales tax on management Company's remuneration	15.2 (38,194)	(1,212,711)
Provision for Sindh Workers' Welfare Fund	15.3 (52,120)	(1,654,884)
Profit before taxation	2,553,877	81,069,299
Taxation	19 (3,324,511)	(5,165,675)
(Loss) / profit after taxation	(770,633)	75,923,624
(Loss) / Earning per certificate - basic and diluted	(0.02)	2.16

The annexed notes from 1 to 29 form an integral part of these financial statements.

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


Chief Financial Officer


Chief Executive Officer


Director



FIRST UDL MODARABA
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023

	For the period from 01 July 2022 to 31 March 2023	For the year ended 30 June 2022
	----- Rupees -----	
(Loss) / profit after taxation	(770,633)	75,923,624
Items that will not be reclassified subsequently to profit and loss account		
Unrealized loss on re-measurement of investments at FVOCI	(21,996,217)	(70,526,048)
Total comprehensive (loss)/ income for the period / year	<u>(22,766,850)</u>	<u>5,397,576</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



**FIRST UDL MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**

	Certificate Capital	Capital Reserve	Revenue Reserve	Total Certificate Holders' Equity
		*Statutory Reserve	Accumulated (Loss) / Profit	
Rupees				
Balance as at 01 July 2021	351,205,480	177,627,753	38,774,088	567,607,321
Total comprehensive income for the year	-	-	75,923,624	75,923,624
Surplus transferred to unappropriated profit	-	-	6,631,110	6,631,110
Transfer to statutory reserve at 20%	-	15,184,725	(15,184,725)	-
Transaction with certificate holders of the Modaraba				
Dividend for the year ended 30 June 2021(11%)	-	-	(38,632,603)	(38,632,603)
Interim dividend for the year ended 30 June 2022(10%)	-	-	(35,120,552)	(35,120,552)
Balance as at 30 June 2022	351,205,480	192,812,478	32,390,940	576,408,898
Total comprehensive loss for the period	-	-	(770,633)	(770,633)
Transaction with certificate holders of the Modaraba				
Dividend for the year ended 30 June 2022 (9%)	-	-	(31,608,497)	(31,608,497)
Balance as at 31 March 2023	<u>351,205,480</u>	<u>192,812,478</u>	<u>11,810</u>	<u>544,029,769</u>

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

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



**FIRST UDL MODARABA
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2023**

	For the period from 01 July 2022 to 31 March 2023	For the year ended 30 June 2022
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,553,877	81,089,299
Adjustment of non cash items:		
Depreciation - fixed assets	3,354,746	3,470,738
Amortization of intangible assets	691,095	988,126
Unrealized loss on re-measurement of investments at FVTPL	1,164,253	9,827,148
Gain on sale of investments	(23,851)	(3,709)
Gain on sale of assets classified as held for sale	-	(93,551,519)
Gain on sale of fixed assets	(586,474)	(459,552)
Provision of expected credit losses(ECL)	157,881	-
Dividend income	(19,914,944)	(7,242,666)
Financial charges	357,475	18,379
Operating loss before working capital changes	(12,246,942)	(5,863,756)
Changes in working capital:		
Decrease / (increase) in current assets		
Ijarah rental receivables	-	28,210
Diminishing Musharakah financing	35,774,652	(3,725,381)
Advances	(738,745)	(1,939,093)
Prepayments and other receivables	23,814,468	(26,275,989)
	58,850,374	(31,912,233)
(Decrease) / increase in current liabilities		
Accrued and other liabilities	(9,418,508)	(128,178,949)
Security deposits	-	(1,406,020)
	(9,418,508)	(129,584,969)
Tax paid	(4,837,917)	(5,656,999)
Financial charges paid	(357,475)	(18,379)
Net cash generated / (used in) from operating activities	31,990,532	(173,036,336)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,247,954)	(8,258,500)
Proceeds from sale of asset held for sale	787,500	230,000,000
Net investments during the period/ year	(2,507,883)	(60,002,899)
Proceeds from sale of fixed assets	-	1,929,852
Dividends received	19,261,429	7,242,666
Net cash generated from investing activities	11,293,092	170,911,119
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(30,275,112)	(70,419,706)
Net increase/ (decrease) in cash and cash equivalents	13,008,512	(72,544,923)
Cash and cash equivalents at the beginning of the period/ year	37,227,011	109,771,934
Cash and cash equivalents at the end of the period/ year	50,235,523	37,227,011

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



**FIRST UDL MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

1 LEGAL STATUS AND NATURE OF THE BUSINESS

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

2 BASIS OF PREPARATION

These special purpose financial statements are prepared for the period from 01 July 2022 to 31 March 2023 to evaluate possibilities for conversion of the Modaraba into a Public Limited Company subject to all requisite regulatory and legal approvals. Accordingly, the comparative figures, except for the balance sheet, are not comparable.

2.1 Statement of compliance

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

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

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

The Securities and Exchange Commission of Pakistan (SECP) has issued directive (vide SRO 431(1)/2007 dated 22 May 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 historical cost basis except otherwise disclosed in the financial statements.

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

2.3 Functional and presentation currency

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



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3 NEW ACCOUNTING STANDARDS

3.1 Accounting standards effective for the period

There are certain new standards and amendments that are mandatory for the Modaraba's accounting period beginning on 01 July 2022, but are considered either to be not relevant or to not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

3.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Modaraba's accounting periods beginning on / after 01 April 2023. However, the Modaraba expects that these standards will not have any material impact on the future financial statements of the Modaraba.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note
- Determination of useful lives, pattern of flow of economic benefits and	5.1, 5.2, 6 & 7
- Classification and valuation of investments	5.4, 8 & 11
- Provisions against non-performing financing	5.4 & 9
- Provision for taxation	5.14 & 19

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Fixed assets - tangible

Assets in own use

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

Assets leased out under Ijarah

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

Gain or loss on disposal

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



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Impairment

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

5.2 Intangible assets

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

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

Impairment

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

5.3 Assets held for sale

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

5.4 Financial Instruments

5.4.1 Initial recognition and measurement

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

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

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

Financial assets

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

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

i) Financial assets measured at amortised cost

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



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ii) Financial assets measured at FVTPL

A financial asset is measured at FVTPL if:

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

iii) Financial assets measured at FVOCI

Equity instrument

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

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

Impairment of financial assets

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

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

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

Financial liabilities

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

5.4.2 Derecognition

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

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



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

5.4.3 Offsetting of financial assets and financial liabilities

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

5.5 Diminishing musharaka financing and Ijarah rental receivables

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

5.6 Deposits, advances, prepayments and other receivables

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

5.7 Cash and cash equivalents

These are carried in the balance sheet at cost.

5.8 Certificate capital and earning per certificate

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

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

5.9 Retirement benefits

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

5.10 Accrued and other payables

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

5.11 Contingent liabilities

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



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5.12 Provisions

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

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

5.13 Revenue recognition

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

5.14 Taxation**Current**

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

Deferred

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

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

5.15 Profit distribution and other appropriations of profit

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

5.16 Segment reporting

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


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6 FIXED ASSETS - tangible

	31 March 2023			August			31 March 2023			DEPRECIATION Rate per annum %
	As at 01 July 2022	COSS (Debitors) / (Franklin)	As at 31 March 2023	As at 01 July 2022	Change for the period	(Debitors) / (Adjustments)	As at 31 March 2023	As at 31 March 2023	As at 31 March 2023	
Furniture and fittings	16,625,739	-	16,625,739	8,448,371	343,885	-	8,602,256	8,602,256	6	
Books	85,000	-	85,000	1,404	1,404	-	15,029	15,029	20	
Vehicles	28,862,072	(1,190,000)	33,255,474	13,539,803	2,829,404	(888,874)	15,100,329	18,074,507	30	
Computer equipment	8,189,659	-	8,189,659	5,081,825	194,828	-	5,276,653	5,276,653	30	
Office equipment and appliances	4,890,776	-	4,890,776	3,658,685	184,819	-	3,843,444	3,843,444	30	
	<u>58,194,507</u>	<u>(1,190,000)</u>	<u>63,592,481</u>	<u>31,781,555</u>	<u>3,354,742</u>	<u>(888,874)</u>	<u>34,147,729</u>	<u>34,147,729</u>	<u>28,194,232</u>	

FIXED ASSETS - tangible

	30 June 2022			February			30 June 2022			DEPRECIATION Rate per annum %
	As at 01 July 2021	COSS (Debitors) / (Franklin)	As at 30 June 2021	As at 01 July 2021	Change for the year	(Debitors) / (Adjustments)	As at 30 June 2022	As at 30 June 2022	As at 30 June 2022	
Furniture and fittings	20,072,256	(1,383,497)	18,628,739	8,435,723	566,730	(443,086)	8,458,371	8,170,264	6	
Books	85,000	-	85,000	71,264	2,369	-	75,623	8,377	20	
Vehicles	23,524,072	(2,809,000)	28,382,072	14,325,390	1,955,973	(2,771,855)	15,509,808	14,862,084	30	
Computer equipment	8,885,679	-	8,885,679	5,272,396	288,952	(479,385)	5,081,825	1,316,395	30	
Office equipment and appliances	10,292,035	-	10,292,035	8,240,765	327,300	(4,915,433)	8,658,625	1,232,151	20	
	<u>60,769,313</u>	<u>(8,259,930)</u>	<u>62,144,507</u>	<u>37,351,448</u>	<u>3,079,625</u>	<u>(8,844,457)</u>	<u>31,791,056</u>	<u>26,472,957</u>	<u>26,472,957</u>	
Assets leased out under lease										
Vehicles	8,000,400	-	8,000,400	8,231,733	300,811	(6,612,946)	-	-	26-33	
Total	<u>68,769,713</u>	<u>(8,259,930)</u>	<u>69,194,957</u>	<u>43,072,211</u>	<u>3,470,738</u>	<u>(15,389,003)</u>	<u>31,791,056</u>	<u>26,472,957</u>		



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7 INTANGIBLE ASSETS

31 March 2023	COST		ACCUMULATED AMORTIZATION		Book value As at 31 March 2023	Amortization Rate per annum %
	As at 01 July 2022	As at 31 March 2023	As at 01 July 2022	Charge for the period March 2023		
Computer Software	6,440,625	6,440,625	4,608,127	691,095	5,299,222	20
Total	6,440,625	6,440,625	4,608,127	691,095	5,299,222	1,141,403

30 June 2022	COST		ACCUMULATED AMORTIZATION		Book value As at 30 June 2022	Amortization Rate per annum %
	As at 01 July 2021	As at 30 June 2022	As at 01 July 2021	Charge for the Year June 2022		
Computer Software	6,440,625	6,440,625	3,620,601	688,126	4,608,127	20
Total	6,440,625	6,440,625	3,620,601	688,126	4,608,127	1,832,498


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8	LONG TERM INVESTMENTS	Note	31 March	30 June
			2023	2022
			----- Rupees -----	
	At FVTOCI	8.1	<u>88,583,543</u>	<u>105,826,135</u>
8.1	At FVOCI			
			31 March	30 June
			2023	2022
			----- Rupees -----	
			Number of	
			Shares / Certificates	
			(face value Rs 10/-)	
	Pharma & Bio Tech			
	The Searie Company Limited	447,451	357,961	23,034,777
	AGP Limited	20,000	20,000	1,084,000
	IBL HealthCare Limited	20,368	18,502	692,512
	961,919			
	Food and Personal Care Products			
	Gillette Pakistan Limited	183,385	183,385	21,648,599
	Al Shaheer Corporation	121,866	97,333	1,160,694
	Al-Tahur ltd (PREMA)	21,616	19,650	328,548
	374,726			
	Cement			
	Power Cement Limited	404,826	404,826	1,752,897
	Fauji Cement	281,250	250,000	3,363,750
	3,542,500			
	Oil & Gas			
	Sui Northern Gas Pipelines Limited	4,713	4,713	184,231
	Sui Southern Gas Pipelines Limited	6,000	6,000	57,780
	161,232			
	54,360			
	Modaraba			
	BRR Guardain Mdoaraba	1,982	1,982	24,755
	20,791			
	Engineering			
	International Steels Limited	100,000	-	4,241,000
	-			
	Real Estate Investment			
	Dolmen City REIT	105,500	105,500	1,437,965
	1,426,360			
	Chemicals			
	United Distributors (Pakistan) Limited	396,419	396,419	11,936,176
	Sitara Peroxide Limited	34,500	34,500	474,720
	491,970			
	Textile Composite			
	International Knitwear Limited	832,153	832,153	10,385,269
	United Brands Limited	219,570	219,570	2,525,055
	Rupali Polyester Limited	100,000	100,000	1,930,000
	Nishat Mills Limited	25,000	25,000	1,315,500
	1,847,750			
	Power Generation & distribution			
	K-Electric Limited	374,500	374,500	775,215
	1,138,480			
	Fixed Line Telecommunication			
	Worldcall Telecom Limited	195,000	195,000	230,100
	259,350			
		<u>3,895,898</u>	<u>3,646,994</u>	<u>88,583,543</u>
				<u>105,826,135</u>



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		31 March 2023	30 June 2022
	Note	Rupees	
9 DIMINISHING MUSHARAKAH FINANCING			
Secured			
Diminishing Musharakah Financing	9.1	102,724,020	138,818,085
Provision for ECL	9.2	(1,523,350)	(1,365,469)
		<u>101,200,670</u>	<u>137,452,616</u>
Less: Current portion		(45,662,208)	(44,251,358)
	9.3	<u>55,638,462</u>	<u>93,201,258</u>
9.1	This represents Musharakah Finance for a term of 2 to 5 years. The profit rates on the financing ranges from 14% to 23% (June 2022: 13% and 22%) per annum. All Diminishing Musharakah arrangements are secured against title documents, personal guarantees and promissory notes.		
		31 March 2023	30 June 2022
9.2 Provision for ECL	Note	Rupees	
Opening balance		1,365,469	354,270
Charge for the period/ year		167,881	1,011,199
Closing		<u>1,523,350</u>	<u>1,365,469</u>
9.3 Classification			
Considered good		54,115,112	91,835,789
Other assets specifically mentioned		1,523,350	1,365,469
		<u>55,638,462</u>	<u>93,201,258</u>
10 LONG TERM DEPOSITS			
Related party	10.1	735,000	735,000
Others		649,350	649,350
		<u>1,384,350</u>	<u>1,384,350</u>
10.1	Represents security deposits paid by the Modaraba on behalf of the Management Company for head office rental property.		
		31 March 2023	30 June 2022
11 INVESTMENTS	Note	Rupees	
At amortised cost			
Term deposit receipts	11.1	50,000,000	232,000,000
At FVTPL			
HBL Islamic Money Market Fund - HBL AMC		180,000,000	-
Listed securities	11.2	14,529,741	15,693,994
		<u>244,529,741</u>	<u>247,693,994</u>
11.1	Represent investments in term deposit receipts (TDR) with Islamic bank with expected profit of 17.5% (June 2022: 11.2% to 12.5%) per annum.		



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11.2 Listed securities

	31 March 2023	30 June 2022	31 March 2023	30 June 2022
	Number of Shares / Certificates (Face value Rs.10/-)		----- Rupees -----	
Oil & Gas Exploration / Marketing				
Oil and Gas Development Company Limited	28,000	28,000	2,334,080	2,202,370
Pakistan State Oil Limited	10,000	10,000	1,178,900	1,718,400
Engineering				
Huffaz Seamless Pipe Industries Limited	23,500	23,500	232,885	235,000
Pharma & Bio Tech				
Abbott Laboratories (Pakistan) Limited	100	100	41,328	65,464
Food and Personal Care Products				
Gillette Pakistan Limited	91,000	91,000	10,742,550	11,472,370
	<u>152,600</u>	<u>152,600</u>	<u>14,628,741</u>	<u>15,693,994</u>

12 CASH AND BANK BALANCES

	Note	31 March 2023	30 June 2022
		----- Rupees -----	
Cash in hand		650	650
Cash at bank			
- Current accounts		19,305,225	17,937,993
- Profit bearing accounts	12.1	30,929,648	19,288,368
		<u>50,235,523</u>	<u>37,227,011</u>

12.1 These carry profit ranging between 3% to 7.78% (June 2022: 3% to 6%) per annum.

13 CERTIFICATE CAPITAL

31 March 2023	30 June 2022		31 March 2023	30 June 2022
Number of Certificates			----- Rupees -----	
<u>50,000,000</u>	<u>50,000,000</u>	Authorized certificate capital		
		Modaraba certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>
		Issued, subscribed and paid-up capital		
17,668,885	17,668,885	Modaraba certificates of Rupees 10 each fully paid-up in cash	176,688,850	176,688,850
17,451,663	17,451,663	Modaraba certificates issued as fully paid-up bonus certificates	174,516,630	174,516,630
<u>35,120,548</u>	<u>35,120,548</u>		<u>351,205,480</u>	<u>351,205,480</u>

13.1 As at 31 March 2023, the Management Company held 6,573,781 (June 2022: 6,573,781) certificates of Rs. 10 each.



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	31 March 2023	30 June 2022
	----- Rupees -----	
14 DEFICIT ON REVALUATION OF INVESTMENTS		
Market value of investments	88,583,543	105,826,135
Less: Cost of investments	<u>(134,281,609)</u>	<u>(129,527,985)</u>
	<u>(45,698,067)</u>	<u>(23,701,850)</u>
Opening balance	(23,701,850)	48,824,198
Surplus transferred to accumulated profit	-	(6,631,110)
Deficit on revaluation during the period/ year	<u>(21,996,217)</u>	<u>(63,894,938)</u>
	<u>(21,996,217)</u>	<u>(70,526,048)</u>
Closing balance	<u>(45,698,067)</u>	<u>(23,701,850)</u>

- 14.1 Surplus on revaluation of investments is presented under a separate head below equity as 'surplus on revaluation of investments' in accordance with the requirements of Circular No. SC/M/PRDD/PRs/2017-289 dated 11 December 2017.

		31 March 2023	30 June 2022
		----- Rupees -----	
15 ACCRUED AND OTHER LIABILITIES	Note		
Charity payable		237,937	122,937
Provident fund	15.1	161,108	139,574
Management Company's remuneration payable	15.2	293,799	9,328,544
Sales tax on the Management Company's remuneration payable	15.2	7,466,914	7,428,720
Sindh Worker's Welfare Fund	15.3	2,975,974	2,923,854
Security deposit for property		6,000,000	6,000,000
Others		435,055	1,045,666
		<u>17,570,787</u>	<u>28,989,295</u>

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

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

The Sindh Revenue Board (SRB) imposed Sindh Sales Tax (SST) on the Management Company's remuneration with effect from 01 November 2011. However, the Company has approached the High Court of Sindh (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management fee and a stay was granted by the Court. As a matter of abundant caution the Management is accruing SST on management Company's remuneration and will discharge the liability on direction of the court

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

	31 March 2023	30 June 2022
	----- Rupees -----	
16 UNCLAIMED PROFIT DISTRIBUTIONS		
Opening balance	28,299,521	24,966,072
Add: Dividend payable	31,608,493	73,753,155
Less: Dividend paid	<u>(30,275,108)</u>	<u>(70,419,706)</u>
Closing balance	<u>29,632,906</u>	<u>28,299,521</u>



**FIRST UDL MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

17 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the period end.

18 OPERATING EXPENSES	Note	For the period	For the year
		from 01 July 2022 to 31 March 2023	ended 30 June 2022
		Rupees	
Salaries and other staff benefits	18.1	17,570,324	20,965,272
Travelling and conveyance		3,591,033	2,467,250
Vehicles running and maintenance		720,181	1,238,107
Utilities and communication		1,272,427	1,311,715
Printing and stationery		1,494,867	1,134,352
Rent, rates and taxes		3,759,345	446,054
Repair and maintenance		1,639,258	1,061,858
Legal and professional charges		3,806,525	1,280,075
Share transaction charges		9,136	16,000
Insurance		454,068	87,667
Entertainment		383,922	349,831
Conservancy Charges		72,720	109,080
Provision for ECL	9.2	157,881	1,011,199
Consultancy fee		187,497	249,996
Fee and subscription		1,788,511	1,076,968
Auditors' remuneration	18.2	918,000	1,049,900
Advertisement		120,680	163,140
Depreciation - Owned assets	6	3,354,746	3,079,925
Amortization	7	691,095	988,126
Other expenses		444,529	598,273
		<u>42,436,746</u>	<u>38,694,789</u>

18.1 Remuneration of officers and employees

	31 March 2023			30 June 2022		
	Officers	Employees	Total	Officers	Employees	Total
	Rupees					
Salaries and allowances	9,378,214	6,791,121	16,169,335	11,553,646	7,702,430	19,256,076
Provident fund	387,256	292,141	679,397	466,466	310,978	777,444
Medical expenses	411,307	310,286	721,592	559,051	372,701	931,752
	<u>10,176,778</u>	<u>7,393,546</u>	<u>17,570,324</u>	<u>12,579,163</u>	<u>8,386,109</u>	<u>20,965,272</u>
Number of persons	<u>6</u>	<u>15</u>	<u>21</u>	<u>6</u>	<u>15</u>	<u>21</u>

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

18.2 Auditors' remuneration	For the period	For the year
	from 01 July 2022 to 31 March 2023	ended 30 June 2022
		Rupees
Audit fee	-	300,000
Half yearly review	55,000	50,000
Other services	660,000	600,000
Out of pocket expenses	203,000	99,900
	<u>918,000</u>	<u>1,049,900</u>



**FIRST UDL MODARABA
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	For the period from 01 July 2022 to 31 March 2023	For the year ended 30 June 2022
	----- Rupees -----	
19 TAXATION		
Current tax	<u>3,324,511</u>	<u>5,165,675</u>
19.1	The provision for current income tax is based on Minimum Tax @ 1.25% of turnover under section 113 of the Income Tax Ordinance, 2001 ('the Ordinance'). Accordingly reconciliation of tax expense with the accounting profit is not presented.	
19.2	The Modaraba has not recognized net deferred tax asset amounting to Rs. 18.33 million as at 31 March 2023 on net deductible temporary differences aggregating to Rs. 63.89 million as at 31 March 2023 as timing of availability of sufficient taxable profits cannot be determined due to applicability of alternative corporate tax and minimum tax under section 113C and 113 respectively.	
	For the period from 01 July 2022 to 31 March 2023	For the year ended 30 June 2022
	----- Rupees -----	
20 (LOSS) / EARNING PER CERTIFICATE		
(Loss) / Profit after taxation	<u>(770,633)</u>	<u>75,923,624</u>
Weighted average number of ordinary certificates outstanding during the period/year	<u>35,120,548</u>	<u>35,120,548</u>
(Loss) / Earning per certificate (Rupees)	<u>(0.02)</u>	<u>2.16</u>

20.1 There is no dilutive potential shares as at the period end.

21 TRANSACTION WITH RELATED PARTIES

The related parties comprise of the Management Company, associates, directors, key management personnel and staff retirement funds of the Modaraba. Transactions with related parties are disclosed in relevant notes.

22 CAPITAL MANAGEMENT

The objective of the Modaraba when managing capital i.e. its certificate holder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Modaraba primarily invests in Musharaka, term deposit receipts and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors. As at 31 March 2023 and 2022, the Modaraba had surplus reserves to meet its requirements.

23 FINANCIAL INSTRUMENTS

23.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. As at the balance sheet date, the Modaraba is exposed to credit risk, liquidity risk and market risk.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The maximum exposure to credit risk before any credit enhancements at 31 March 2023 is the carrying amount of the financial assets as set out below:


**FIRST UDL MODARABA
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FOR THE PERIOD ENDED 31 MARCH 2023**

	31 March 2023	30 June 2022
	----- Rupees -----	
Diminishing Musharakah Financing	102,326,353	138,258,886
Investments	333,113,284	353,520,129
Deposits	1,384,350	1,384,350
Advances	3,990,000	4,481,355
Other receivables	1,931,158	4,933,935
Bank balances	50,234,873	37,226,361
	<u>492,980,019</u>	<u>539,805,016</u>

Credit risk ratings

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

Banks	Short term	Long term	Agency	31 March 2023	30 June 2022
				----- Rupees -----	
Habib Bank	A1+	AAA	JCR	202,601,734	131,874,457
Bank Islami Pakistan	A1+	A+	PACRA	4,693	4,693
Dubai Islamic Bank	A1+	AA-	JCR	91,905	904
Albaraka Islamic Bank	A1	A	PACRA	21,607,818	72,479,862
Faysal Bank	A1+	AA	PACRA	1,050,379	365,621
Askari Bank	A1+	AA	PACRA	54,808,805	64,461,162
				<u>280,185,333</u>	<u>269,186,699</u>

Concentration of credit risk

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

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

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

Diminishing Musharakah assets	31 March 2023		30 June 2022	
	Rupees	%	Rupees	%
Modaraba	3,092,231	2.00%	3,443,619	1.86%
Cargo, Trading & distribution	14,143,077	9.13%	27,526,335	14.85%
Individual	66,618,079	43.02%	79,702,252	43.01%
Others	71,002,758	45.85%	74,640,984	40.28%
	<u>154,856,142</u>	<u>100.00%</u>	<u>185,313,190</u>	<u>100.00%</u>

(ii) Liquidity risk

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

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



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The financial instruments maturity profile is given below:

	31 March 2023	30 June 2022
	----- Rupees -----	
Financial liabilities		
Accrued and other liabilities	17,570,787	26,989,294
Unclaimed profit distributions	29,632,906	28,299,521
	<u>47,203,693</u>	<u>55,288,815</u>

(iii) **Market risk**

Price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at 31 March 2023, the fair value of equity exposed to price risk was as follows:

	31 March 2023		30 June 2022	
	Average Cost	Fair Value	Average Cost	Fair Value
	----- Rupees -----			
Equity investments	<u>113,449,645</u>	<u>103,113,284</u>	<u>139,355,133</u>	<u>121,520,129</u>

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

Profit risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows. The Modaraba has lease financing portfolio. The majority of lease financing portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on lease financing portfolio on quarterly/six monthly basis. As at 31 March 2023, the profit of the Modaraba's variable value financial instruments were as follows:

	31 March 2023	30 June 2022
	----- Rupees -----	
Assets		
Diminishing Musharakah Financing	101,200,670	137,452,616
Bank deposits	30,929,648	19,288,368
Investments	230,000,000	232,000,000
	<u>362,130,318</u>	<u>388,740,984</u>

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

Asset / liability class	(Increase / Decrease)	Changes in profit / (loss)	
		31 March 2023	30 June 2022
(Having variable profit rates)	(+/-)	----- Rupees -----	
Assets			
Diminishing Musharakah Financing	100 basis points	1,012,007	1,374,526
Bank deposits	100 basis points	309,296	192,884
Investments	100 basis points	2,300,000	2,320,000

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



**FIRST UDL MODARABA
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23.2 Operational Risk

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

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

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

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	31 March 2023			
	Carrying amount / Cost	Level 1	Level 2	Level 3
----- Rupees -----				
Financial assets at amortized cost				
Diminishing Musharakah Financing	101,200,670	-	-	-
Diminishing Musharakah Financing rent receivable	1,125,684	-	-	-
Long term deposits	1,384,350	-	-	-
Investment in term deposit receipts	180,000,000	-	-	-
Ijarah rental receivables	-	-	-	-
Advances	5,323,200	-	-	-
Prepayments, deposits and other	1,931,158	-	-	-
Cash and bank balances	50,235,523	-	-	-
Financial assets at FVTPL				
Investments	14,529,741	14,529,741	-	-
Financial assets at FVOCI				
Long term investments	88,583,543	88,583,543	-	-
Financial liabilities at amortized cost				
Accrued and other liabilities	17,570,787	-	-	-
Unclaimed profit distributions	29,632,906	-	-	-



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	30 JUNE 2022			
	Carrying amount / Cost	Level 1	Level 2 Level 3	
	Rupees			
Financial assets at amortized cost:				
Diminishing Musharakah financing receivable	137,452,616	-	-	
Diminishing Musharakah financing receivable	800,270	-	-	
Long term advances and deposits	1,384,320	-	-	
Investments in term deposits	232,000,000	-	-	
Interbank receivables	4,564,435	-	-	
Advances	26,524,007	-	-	
Prepayments, deposits and other	37,227,011	-	-	
Cash and bank balances	-	-	-	
Financial assets at FVTPL	15,593,964	15,593,964	-	
Financial assets at FVOCI				
Long term investments	150,826,135	150,826,135	-	
Financial liabilities at amortized cost:				
Accrued and other liabilities	26,040,205	-	-	
Unclaimed profit distributions	28,259,521	-	-	
YIELD / PROFIT RATE RISK EXPOSURE				
	The information about Modaraba's exposures to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:			
	Yield / Profit-bearing maturing		Non yield / Profit-bearing maturing	
	31 March 2022			
	Within one year	After one year	Within one year	After one year
	Rupees		Rupees	
	Sub total	Sub total	Sub total	Sub total
Financial assets				
Diminishing Musharakah Financing receivable	45,493,208	55,638,443	101,200,670	-
Diminishing Musharakah Financing receivable	-	-	1,123,684	-
Long term investments	-	-	1,384,320	81,583,543
Investments	344,529,741	-	344,529,741	-
Advances	-	-	6,323,200	-
Prepayments, deposits and other	30,825,648	-	6,890,318	-
Cash and bank balances	371,027,527	55,838,442	19,300,875	6,890,318
	(A)		37,637,437	88,583,543
Financial liabilities				
Accrued and other liabilities	-	-	17,670,787	-
Unclaimed profit distributions	-	-	29,632,606	-
	(B)		47,303,393	-
On-balance sheet gap	371,027,527	55,638,442	(14,106,395)	88,583,543
				73,391,493
				17,670,787
				29,632,606
				47,303,393
				451,077,336



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	30 June 2022		Yield / Profit bearing maturing		Non yield / Profit bearing maturing		Total
	Within one year	After one year	Sub total	Within one year	After one year	Sub total	
Financial assets							
Diminishing Muzamamah Financing	44,251,358	60,201,256	137,452,616	-	-	-	137,452,616
Diminishing Muzamamah Finance receivable	-	-	-	809,270	-	809,270	809,270
Long term investments	-	-	-	1,364,260	-	1,364,260	1,364,260
Long term deposits	232,000,000	-	232,000,000	15,993,994	-	15,993,994	247,993,994
Investments	-	-	-	4,004,465	-	4,004,465	4,004,465
Advances	-	-	-	26,281,161	-	26,281,161	26,281,161
Prepayments, deposits and other	19,200,369	-	19,200,369	17,909,643	-	17,909,643	37,227,013
Cash and bank balances	205,520,726	63,201,256	368,742,984	69,000,673	105,626,135	175,515,008	544,257,992
(A)							
Financial liabilities							
Long term security deposits	-	-	-	26,665,205	-	26,665,205	26,665,205
Accrued and other liabilities	-	-	-	21,295,521	-	21,295,521	21,295,521
Unclaimed profit distributions	-	-	-	55,288,616	-	55,288,616	55,288,616
(B)							
(A)-(B)	295,038,226	93,201,256	388,263,994	14,400,977	105,626,135	120,228,192	508,967,178

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.



FIRST UDL MODARABA
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26 SEGMENT INFORMATION

	31 March 2023			
	Diminishing Musharakah Financing	Investments	Others	Total
	Rupees			
Segment Results				
Segment Income	16,180,835	19,938,795	8,286,155	44,405,785
Other Income	-	-	2,490,679	2,490,679
Total Income	16,180,835	19,938,795	10,776,834	46,896,464
Unrealized loss on re-measurement of investments at FVTPL	-	(1,164,253)	-	(1,164,253)
Operating expenses	(157,881)	-	(357,475)	(515,356)
Unallocated operating expenses	-	-	(45,987,488)	(45,987,488)
Profit / (loss) for the year	16,022,954	18,774,542	(35,568,129)	(770,633)
Other information				
Capital expenditure	-	-	6,247,954	6,247,954
Depreciation and amortization	-	-	3,354,747	3,354,747
Assets and liabilities				
Segment assets	102,326,353	333,113,284	-	435,439,637
Unallocated assets	-	-	110,095,756	110,095,756
Total assets	102,326,353	333,113,284	110,095,756	545,535,394
Segment liabilities	-	-	-	-
Unallocated liabilities	-	-	46,885,577	46,885,577
Total liabilities	-	-	46,885,577	46,885,577
30 June 2022				
	Diminishing Musharakah financing	Investments	Others	Total
	Rupees			
Segment Results				
Segment Income	20,316,717	7,246,375	2,177,826	29,740,918
Other Income	-	-	112,084,835	112,084,835
Total Income	20,316,717	7,246,375	114,262,661	141,825,753
Unrealized loss on re-measurement of investments at FVTPL	-	(9,827,148)	-	(9,827,148)
Operating expenses	(1,011,199)	-	(390,813)	(1,402,012)
Unallocated operating expenses	-	-	(54,672,969)	(54,672,969)
Profit / (loss) for the year	19,305,518	(2,580,773)	59,198,879	75,923,624
Other information				
Capital expenditure	-	-	8,258,500	8,258,500
Depreciation and amortization	-	-	390,813	390,813
Assets and liabilities				
Segment assets	138,258,886	143,110,200	-	281,369,086
Unallocated assets	-	-	326,626,778	326,626,778
Total assets	138,258,886	143,110,200	326,626,778	607,995,864
Segment liabilities	-	-	6,000,000	6,000,000
Unallocated liabilities	-	-	64,783,639	64,783,639
Total liabilities	-	-	70,783,639	70,783,639



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	For the period from 01 July 2022 to 31 March 2023	For the year ended 30 June 2022
	Number	
27 NUMBER OF EMPLOYEES		
Total employees as at the period / year end	<u>21</u>	<u>21</u>
Average employees during the period / year	<u>21</u>	<u>21</u>

28 CORRESPONDING FIGURES

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

29 DATE OF AUTHORIZATION FOR ISSUE

15 JUN 2023

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

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

Chief Financial Officer

Chief Executive Officer

Director

FORM OF PROXY

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

I/We _____
resident of _____ in the district of _____
being a member of First UDL Modaraba and holder of _____
_____ Certificates as per Certificate Register Folio _____
(No. of Certificate) _____
CNIC/Passport No. _____ and /or CDC Participant I.D. No. _____
and Sub. Account No. _____ hereby appoint _____ CNIC/Passport
no. _____ resident of _____ in the
district of _____ or failing him _____
resident of _____ CNIC/Passport no. _____
as my/our proxy to vote for me/us and on my/our behalf at the Extra Ordinary General Meeting of the
Modaraba to be held on July 14 , 2023 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

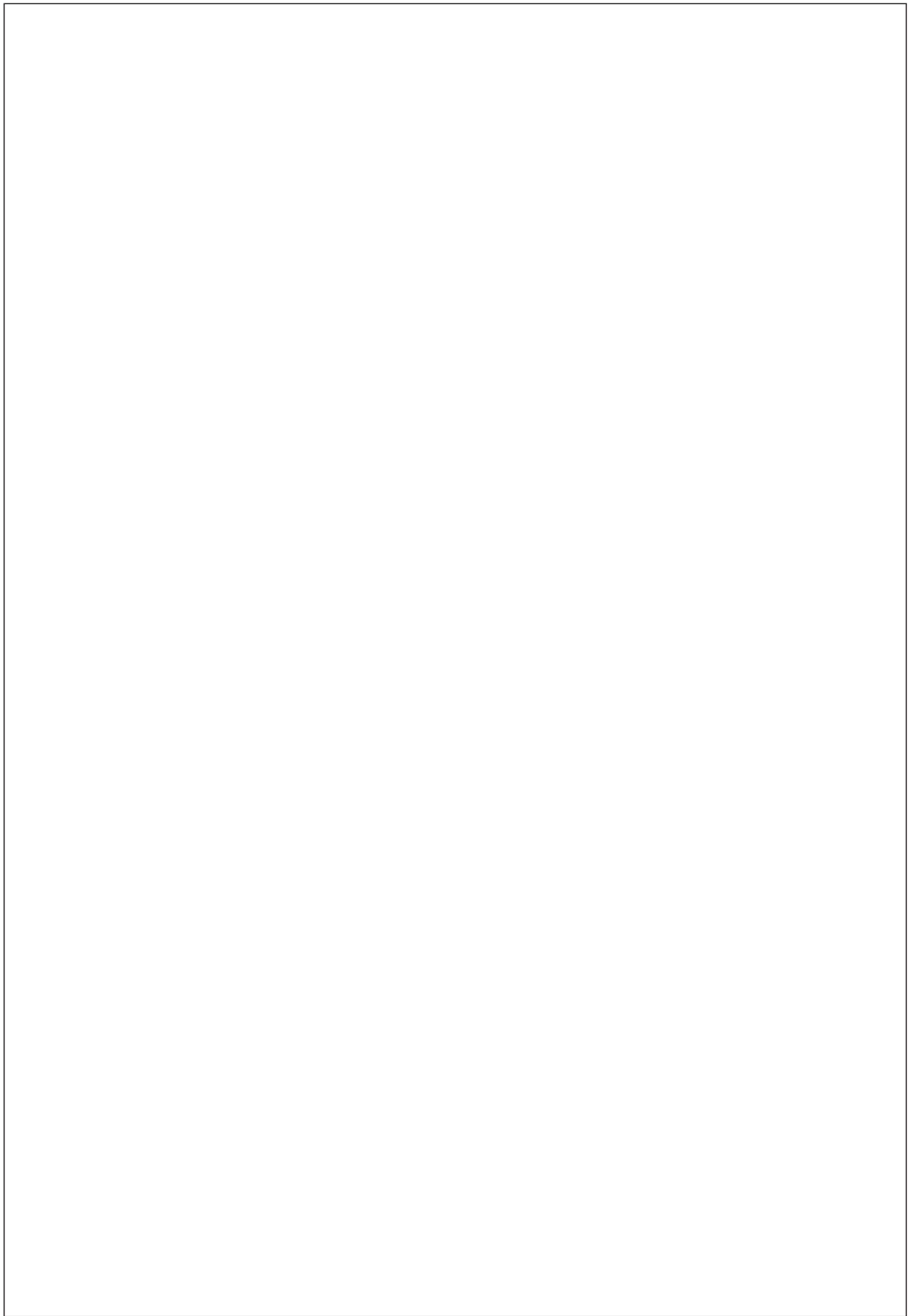
Note:

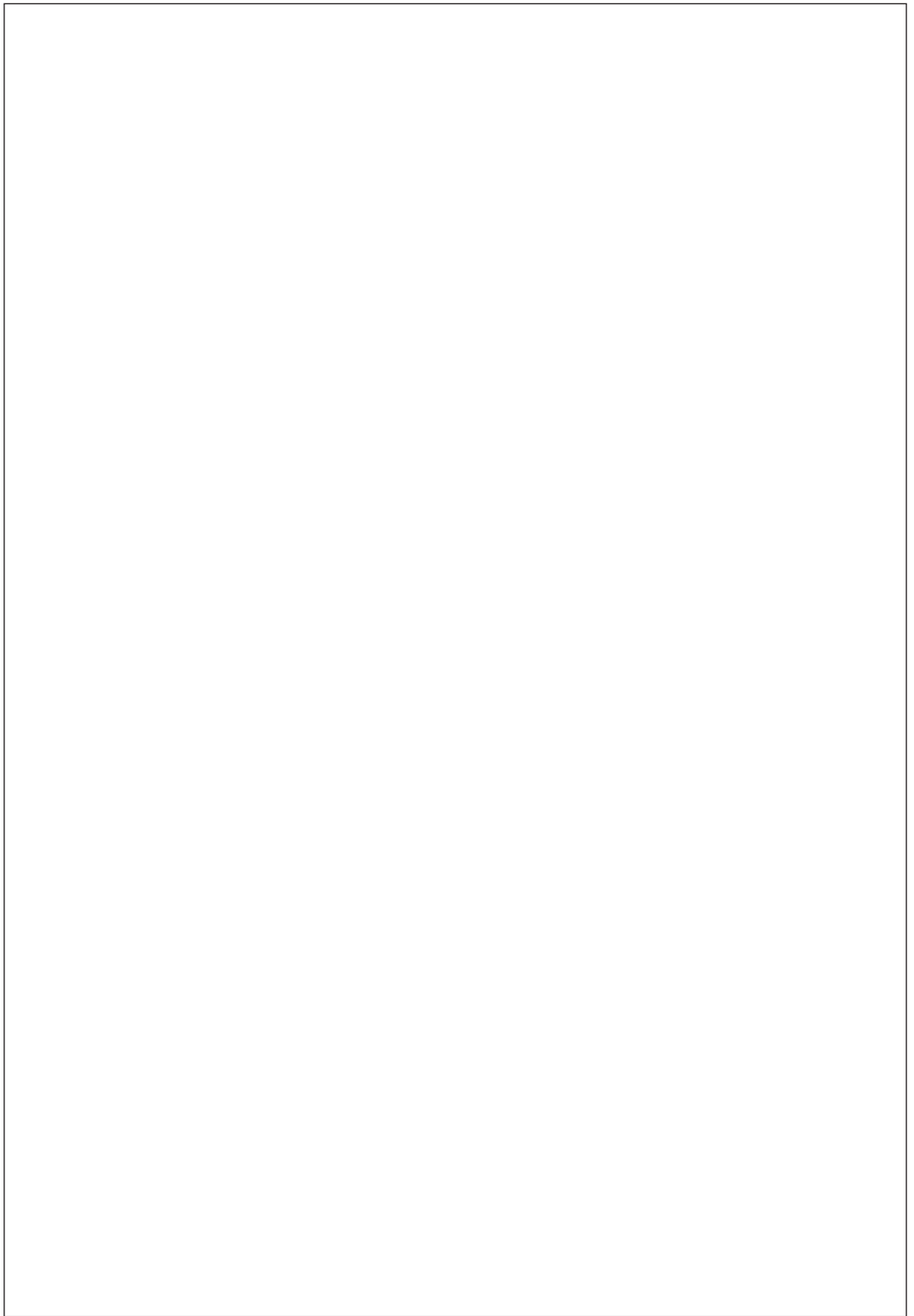
1. This proxy form duly completed and signed, must be received at the Registered Office of the Modaraba or Share Registrar of the Modaraba, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Modaraba, except 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 instrument of proxy shall be rendered invalid.

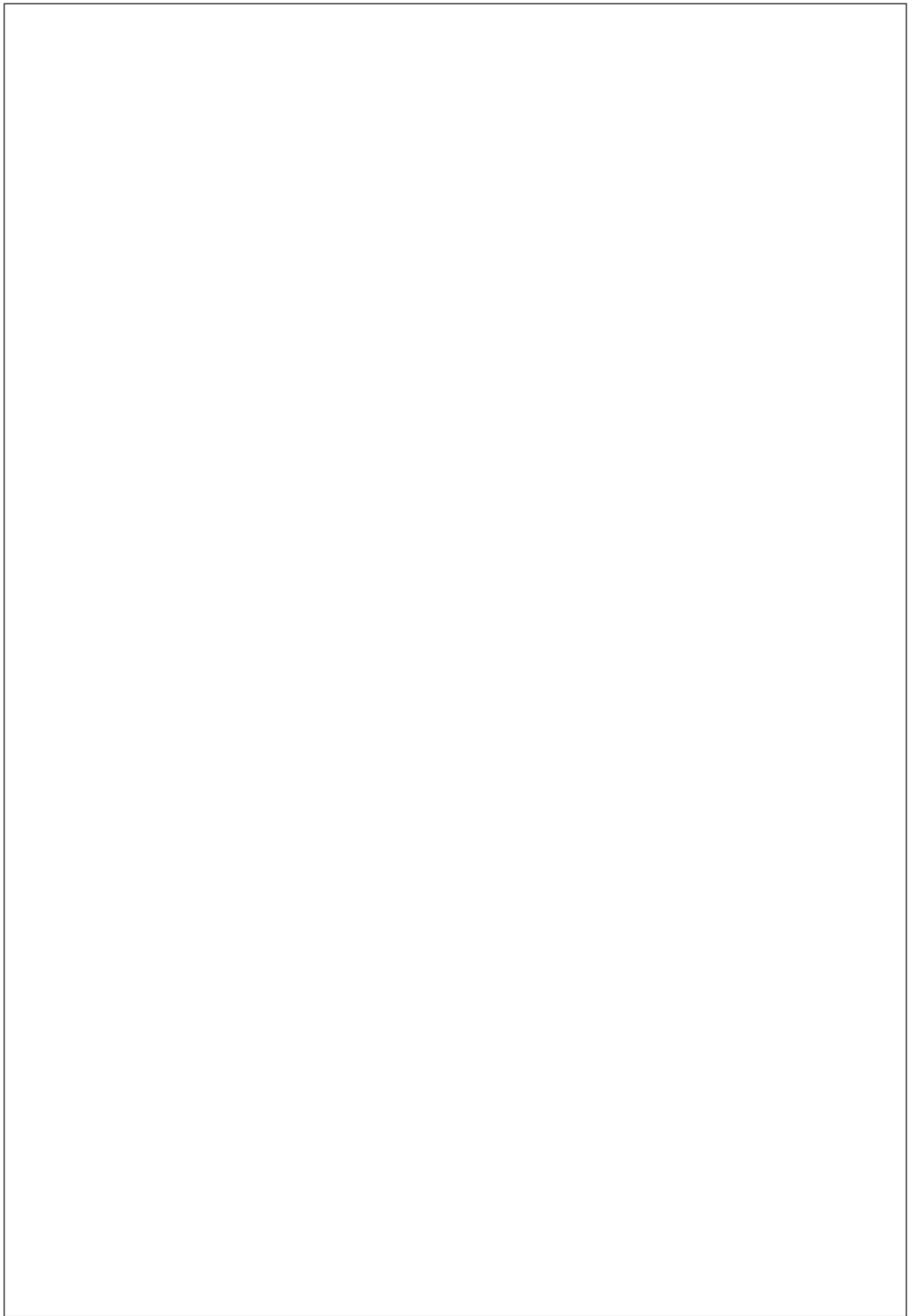
For CDC Account Holders / Corporate Entities:

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 of the Modaraba.









First UDL Modaraba

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