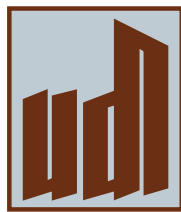


ANNUAL  
REPORT | 2023



**First UDL Modaraba**

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# Vision

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



# Mission

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

# Corporate Information

## MODARABA MANAGEMENT COMPANY

### Board of Directors

## UDL Modaraba Management (Private) Limited

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

### Company Secretary

Syed Aamir Hussain

### Audit Committee

Abdul Rahim Suriya Chairman  
Majid Hasan Member  
Farah Qureshi Member

### Human Resource & Remuneration Committee

Majid Hasan Chairman  
Farah Qureshi Member  
Abdul Rahim Suriya Member

### Auditors

Grant Thornton Anjum  
Rehman & Co. (Chartered Accountants)

### Bankers

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

### Registrar

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

### Shariah Advisor

Mufti Abdul Qadir

### Legal Advisor

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

### Tax Advisor

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

### Associated Companies

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

### Head Office & Registered Office

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

### Phone

(92-21) 35310561-5

### Fax

(92-21) 35310566

### Email

info@udl.com.pk

### Web

www.udl.com.pk



First UDL Modaraba

# Chairmans' Review

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

Dear Certificate Holders,

I am pleased to present to you the financials of First UDL Modaraba ("Modaraba") for the period ended June 30, 2023, during which Pakistan faced severe macro economic challenges. The situation has had an adverse impact on businesses throughout the country and the Modaraba is no exception. During the year, the Modaraba was severely impacted by macroeconomic challenges, including demand contraction in the downstream markets, cost-push due to the impact of higher oil prices, weakening of the rupee, business-specific import restrictions, and tax regime changes. However, your management has attempted to minimize the impact by introducing efficiency measures, reducing financing activities in order to avoid defaults and investing surplus funds in approved Islamic Schemes/Instruments in order to safeguard the interest of Certificate Holders.

On the governance side, the Board's contribution has been satisfactory. Since the Modaraba is in the process of conversion into a company by way of merger, the board's input at each stage has been very valuable.

I would like to praise the board members and management for its efforts in safeguarding the Certificate Holders funds by investing wisely during these trying times.

-Sd-  
Majid Hasan  
Chairman  
Date: 26<sup>th</sup> September'2023.



## چیرمین کا جائزہ

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

معزز سرٹیفکیٹ ہولڈرز،

مجھے آپ کے سامنے فرسٹ یو ڈی ایل مضاربہ کی 30 جون 2023 کو ختم ہونے والے سال کی مالی تفصیلات پیش کرتے ہوئے خوشی ہو رہی ہے، جس کے دوران پاکستان کو شدید معاشی چیلنجز کا سامنا تھا۔ اس صورتحال کا ملک بھر میں کاروبار پر منفی اثر پڑا ہے اور مضاربہ بھی اس سے مستثنیٰ نہیں ہے۔ سال کے دوران مضاربہ میکرو اقتصادی چیلنجز سے بری طرح متاثر ہوا، جن میں چھوٹی منڈیوں میں طلب کی کمی، تیل کی اونچی قیمتوں کے اثرات کی وجہ سے لاگت میں اضافہ، روپے کی قدر میں کمی، کاروبار کے لیے مخصوص درآمدی پابندیاں اور ٹیکس نظام میں تبدیلیاں شامل ہیں۔ تاہم آپ کی انتظامیہ نے بروقت اقدامات کئے جیسے کہ، ڈیفالٹ سے بچنے کے لئے فنانسنگ سرگرمیوں کو کم کیا اور سٹریٹجک ہولڈرز کے مفادات کے تحفظ کے لئے منظور شدہ اسلامی اسکیموں / انسٹرومنٹس میں اضافی فنڈز کی سرمایہ کاری کی۔

گورننس کے حوالے سے بورڈ کا تعاون تسلی بخش رہا ہے۔ چونکہ مضاربہ انضمام کے ذریعے ایک کمپنی میں تبدیل ہونے کے عمل میں ہے، لہذا ہر مرحلے پر بورڈ کے مشورے بہت قیمتی رہے ہیں۔

میں بورڈ ممبران اور انتظامیہ کی تعریف کرنا چاہوں گا جنہوں نے اس مشکل وقت میں دانشمندانہ سرمایہ کاری کر کے سٹریٹجک ہولڈرز فنڈز کے تحفظ کی کوشش کی۔

-Sd-

ماجد حسن

چیرمین

26 ستمبر 2023

# Directors' Report

The Board of Directors of UDL Modaraba Management (Private) Ltd., (the management company of the Modaraba), has pleasure in presenting to the certificate holders, the Annual Report of the First UDL Modaraba together with Audited Accounts for the year ended June 30, 2023.

## FINANCIAL RESULTS

	2023	2022
	← Rupees →	
Un-appropriate Profit brought forward	32,390,940	38,774,087
Add : Net (Loss) / Profit after tax for the year	(2,291,188)	75,923,625
Transfer from Comprehensive Income	-	6,631,110
Balance	<u>30,099,752</u>	121,328,822
Less : Transferred to Statutory Reserves	-	(15,184,725)
Profit Distribution	<u>(31,608,497)</u>	<u>(73,753,157)</u>
Balance as at 30th June	<u>(1,508,745)</u>	<u>32,390,940</u>
(Loss) / Earnings per certificate	<u>(0.07)</u>	<u>2.16</u>

## REVIEW OF OPERATIONS:

During the year, income from operations decreased from Rs 141.82 million to Rs 63.44 million. Since previous year's income comprises of a one-time gain of Rs 93.55 million, the current years income from core operations has actually improved by Rs 15.17 million. Additionally, there is a sharp decrease in unrealized loss recorded at Rs 1.56 million compared to Rs 9.82 million in the previous FY.

Operating expenses increased to Rs 58.75 million from Rs. 38.69 million, mainly due to higher salaries and unprecedented inflation in the country due to which the utility charges and other expenses have nearly doubled. In addition to the normal business expenses, increase in operating expenses was also due to recording of fees to financial consultants on merger.

The Modaraba posted a profit before taxation of Rs. 2.39 million, however, after taking into account the taxes, the Modaraba incurred a net loss of Rs. 2.29 million.

## FUTURE OUTLOOK:

Pakistan's economic and operating environment remains challenging. The recent IMF standby arrangement provided temporary relief to the operating environment; however structural challenges remain to be addressed. Moreover, sustained inflation continues to impact consumer purchasing power, leading to more cautious spending habits.

In light of the above, the Modaraba expects to face headwinds in respect of consumer demand. In order to diversify its business activities, the Modaraba planned for trading in local commodities and import of food products during the year. However, due to the volatile commodities market, weakening rupee and difficulty in establishing LC's, it could not materialize. However, the management remains committed to creating long term value for all stakeholders by staying relevant to the consumers through sound understanding of their needs.

# Directors' Report

The management is of the view that the Modaraba is on the right track and performance would improve once the political and economic uncertainty is over. In the current scenario, the management's priority is to safeguard the certificate holder's funds, which they have been successful in doing so. As mentioned above, the Modaraba had plans of entering into local trading of commodities and import of food products during the current year, however, it could not materialize due to the highly volatile commodities market and difficulty in establishing LC's due to the foreign currency shortage in the country. The situation seems to be improving and as soon as the management finds an opportunity it would start trading in commodities and try to maximize the returns for the certificate holders.

Also, once the economic and political situation improves, the management expects significant reduction in unrealized losses and capital gains in the years ahead.

## MERGER PETITION:

Regarding the Merger, the Petition along with the Scheme of Arrangement has been filed in the High Court of Sindh and certificate holders approval has been obtained in the Extra Ordinary General Meeting of the Modaraba. We expect a favourable decision soon! Once the merger is finalized, it would greatly benefit the certificate holders as there would be greater focus on trading and lending business as they would be undertaken by two separate entities. Moreover, the certificate holders would get a say in the affairs of the new company by having a voting right as shareholders of UDL International Limited.

## SHARIAH COMPLIANCE AND AUDIT MECHANISM:

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

## CORPORATE GOVERNANCE:

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

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

## AUDIT COMMITTEE:

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

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

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



# Directors' Report

## ATTENDANCE OF BOARD MEETINGS:

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

	Name of Director	Meetings Eligibility	Meetings Attended	Absence
1)	Mr. Majid Hasan	6	6	-
2)	Ms. Farah Queshi	6	6	-
3)	Mr. Shuja Malik	6	5	1
4)	Mr. Abdul Rahim Suriya	6	6	-

## PATTERN OF CERTIFICATE-HOLDING:

A Statement showing Pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2023 is included in this report.

## STATEMENT OF COMPLIANCE WITH BEST PRACTICES:

The Board feels pleasure in stating that provisions of the Code relevant for the year ended June 30, 2023, have been duly complied except as mentioned in the statement of compliance with code of corporate governance. The auditors review report is and annexed herewith.

## CORPORATE SOCIAL RESPONSIBILITY:

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

## AUDITORS:

The present auditors M/s Grant Thornton Anjum Rahman & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Modaraba for the financial year ending June 30, 2024 at a fee to be agreed with the auditors and subject to approval by the Registrar of Modaraba Companies and Modarabas.

## ACKNOWLEDGEMENT:

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

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

For and on Behalf of the Board

-Sd-

Shuja Malik  
Chief Executive  
Date: 26th September'2023

# ڈائریکٹرز کی رپورٹ

یوڈی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز سٹیفکیٹ ہولڈرز کے سامنے فرسٹ یوڈی ایل مضاربہ کی سالانہ رپورٹ اور 30 جون 2023 کو ختم ہونے والے سال کے لیے آڈٹ شدہ حسابات کو پیش کرنے پر مسرت کا اظہار کرتی ہے۔

## مالیاتی نتائج

30-6-2022	30-6-2023	
← (روپیہ) →		
38,774,087	32,390,940	منافع / (نقصان)
75,923,625	(2,291,188)	جمع: بعد از ٹیکس خالص منافع / (نقصان)
6,631,110	-	جامع آمدنی سے منتقلی
121,328,822	30,099,752	بیلنس
(15,184,725)	-	نفی: قانونی ذخائر میں منتقلی
(73,753,157)	(31,608,497)	منافع کی تقسیم
32,390,940	(1,508,745)	30 جون کا بیلنس
2.16	(0.07)	منافع / (نقصان) فی سٹیفکیٹ

## آپریٹیشنز کا جائزہ:

سال کے دوران آپریٹیشنز کی مد میں آمدنی 141.82 ملین روپے سے کم ہو کر 63.44 ملین روپے رہ گئی۔ چونکہ پچھلے سال کی آمدنی 93.55 ملین روپے کے ایک وقتی نفع پر مشتمل ہے، موجودہ سال کی بنیادی کاروائیوں سے ہونے والی آمدنی میں اصل میں 15.17 ملین روپے کا اضافہ ہوا ہے۔ مزید برآں، پچھلے مالی سال میں 9.82 ملین روپے کے مقابلے میں 1.56 ملین روپے کے غیر حقیقی نقصان میں کمی ریکارڈ کی گئی ہے۔

آپریٹنگ اخراجات 38.69 ملین روپے سے بڑھ کر 58.75 ملین روپے ہو گئے ہیں، بنیادی طور پر زیادہ تنخواہوں اور ملک میں غیر معمولی مہنگائی جس کی وجہ سے یوٹیلٹی چارجز اور دیگر اخراجات تقریباً دو گنے ہو گئے ہیں۔ عام کاروباری اخراجات کے علاوہ، آپریٹنگ اخراجات میں اضافہ انضمام پر مالیاتی کنسلٹنٹس کی فیس ریکارڈنگ کی وجہ سے بھی تھا۔

مضاربہ نے ٹیکس سے پہلے 2.39 ملین روپے کا منافع کمایا، تاہم ٹیکسوں کی ادائیگی کے بعد مضاربہ کو 2.29 ملین روپے کا خالص نقصان ہوا۔

## مستقبل کا نقطہ نظر:

پاکستان کا معاشی اور آپریٹنگ ماحول بدستور چیلنجنگ ہے۔ حالیہ آئی ایم ایف (IMF) اسٹینڈ بائی انتظامات نے آپریٹنگ ماحول کو عارضی ریلیف فراہم کیا؛ تاہم ساختی چیلنجوں سے نمٹنا باقی ہے۔ مزید برآں، مسلسل مہنگائی صارفین کی قوت خرید کو متاثر کرتی رہتی ہے۔ جس کی وجہ سے ڈیمانڈ میں کمی آتی ہے۔



## ڈائریکٹرز رپورٹ

مندرجہ بالا کی روشنی میں، مضاربہ کو تووقع ہے کہ صارفین کو طلب کے سلسلے میں مشکلات کا سامنا کرنا پڑے گا۔ اپنی کاروباری سرگرمیوں کو متنوع بنانے کے لئے، مضاربہ نے سال کے دوران مقامی اجناس کی تجارت اور غذائی مصنوعات کی درآمد کی منصوبہ بندی کی ہے، تاہم اجناس کی مارکیٹ میں اتار چڑھاؤ، روپے کی قدر میں کمی اور ایل سی (LC's) کے قیام میں مشکلات کی وجہ سے اس پر عمل درآمد نہ ہو سکا۔ تاہم انتظامیہ صارفین کی ضروریات کی اچھی تفہیم کے ذریعے ان سے متعلق رہتے ہوئے تمام اسٹیک ہولڈرز کے لئے طویل مدتی قدر پیدا کرنے کے لئے پرعزم ہے۔

انتظامیہ کا خیال ہے کہ مضاربہ صحیح راستے پر ہے اور سیاسی اور معاشی غیر یقینی صورتحال ختم ہونے کے بعد کارکردگی میں بہتری آئے گی۔ موجودہ صورتحال میں انتظامیہ کی ترجیح سٹوکیٹ ہولڈرز کے فنڈز کی حفاظت کرنا ہے جس میں وہ کامیاب رہے ہیں۔ جیسا کہ اوپر ذکر کیا گیا ہے، مضاربہ نے رواں سال کے دوران اجناس کی مقامی تجارت اور غذائی مصنوعات کی درآمد میں داخل ہونے کا منصوبہ بنایا تھا، تاہم ملک میں غیر ملکی کرنسی کی کمی کی وجہ سے انتہائی اتار چڑھاؤ اور ایل سی قائم کرنے میں دشواری کی وجہ سے یہ عمل میں نہیں آسکا۔ صورتحال بہتر ہوتی دکھائی دے رہی ہے اور جیسے ہی انتظامیہ کو موقع ملے گا وہ اجناس کی تجارت شروع کر دے گی اور سٹوکیٹ ہولڈرز کے لئے زیادہ سے زیادہ منافع حاصل کرنے کی کوشش کرے گی۔

اس کے علاوہ، ایک بار جب معاشی اور سیاسی صورتحال میں بہتری آتی ہے، تو انتظامیہ کو آنے والے سالوں میں غیر حقیقی نقصانات میں نمایاں کمی کی توقع ہے۔

### انضمام کی درخواست:

انضمام کے حوالے سے سندھ ہائی کورٹ میں اسکیم آف انتظامات کے ساتھ پیشینہ دائر کر دی گئی ہے اور مضاربہ کے غیر معمولی جنرل اجلاس میں سٹوکیٹ ہولڈرز کی منظوری حاصل کر لی گئی ہے۔ ہم جلد ہی ایک سازگار فیصلے کی توقع کرتے ہیں، انضمام کے حتمی شکل کے بعد سٹوکیٹ ہولڈرز کو بہت فائدہ ہوگا کیونکہ تجارت اور قرض دینے کے کاروبار پر زیادہ توجہ دی جائے گی کیونکہ وہ دو الگ الگ اداروں کے ذریعہ انجام دیئے جائیں گے۔ مزید برآں، سٹوکیٹ ہولڈرز کو یو ڈی ایل انٹرنیشنل لمیٹڈ کے شیئر ہولڈرز کی حیثیت سے ووٹنگ کا حق حاصل کر کے نئی کمپنی کے معاملات میں اپنی رائے کا اختیار حاصل ہوگا۔

### شریعت کی تعمیل اور آڈٹ کا طریقہ کار:

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

### کارپوریٹ گورننس:

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

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

- مضاربہ کے حسابات کی کتابیں صحیح رکھی گئی ہیں۔

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

## ڈائریکٹرز رپورٹ

- مالیاتی بیانات کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ مضارب پر لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں بہترین ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- مضاربہ کی ایک تسلسل سے بڑھنے والی کمپنی کے طور پر کوئی شبہ نہیں ہے۔
- فہرست سازی کے ضوابط کے مطابق بہترین طریقوں اور کارپوریٹ گورننس سے کوئی انحراف نہیں کیا گیا ہے۔
- سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں تجارت کی تو اس کے بارے میں پاکستان اسٹاک ایکسچینج کو بروقت اطلاع دی گئی۔

### آڈٹ کمیٹی:

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

- (1) جناب اے رحیم سوریہ، چیئر مین
  - (2) جناب ماجد حسن، ممبر
  - (3) محترمہ فرح قریشی، ممبر
  - (4) جناب اقبال احمد، سیکرٹری
- کوڈ آف کارپوریٹ گورننس کے تحت چیف فنانشل آفیسر اور انٹرنل آڈیٹر نے بھی اجلاسوں میں شرکت کی۔

### بورڈ کے اجلاسوں میں شرکت:

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

ڈائریکٹر نام	منعقدہ اجلاس	شرکت اجلاس	غیر حاضری
(1) جناب ماجد حسن	6	6	-
(2) محترمہ فرح قریشی	6	6	-
(3) جناب شجاع مالک	6	5	1
(4) جناب عبدالرحیم سوریہ	6	6	-

### سرٹیفکیٹ ہولڈنگ کا نمونہ:

مضاربہ کے سرٹیفکیٹ ہولڈنگ کا نمونہ اور 30 جون 2023 تک اضافی معلومات کو ظاہر کرنے والا بیان اس رپورٹ میں شامل ہے۔

### بہترین طرز عمل کی پیروی کا بیان:

بورڈ یہ بتاتے ہوئے مسرت کا اظہار کرتا ہے کہ 30 جون 2023 کو ختم ہونے والے سال کے لئے متعلقہ ضابطہ کی دفعات ماسوائے کارپوریٹ گورننس کے ضابطہ کی تعمیل کے بیان میں عمل کیا گیا ہے۔ آڈیٹرز کی جائزہ رپورٹ اس کے ساتھ منسلک ہے۔



## ڈائریکٹرز رپورٹ

### کارپوریٹ سماجی ذمہ داری:

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

### آڈیٹرز:

موجودہ آڈیٹرز گرانٹ تھارٹن انجم رحمان اینڈ کو چارٹڈ اکاؤنٹنٹس ریٹائر اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے مضاربہ کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے جس کی فیس پر آڈیٹرز کے ساتھ باہمی اتفاق سے کیا گیا تھا اور یہ رجسٹرار آف مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط ہے۔

### اعتراف:

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

-Sd-

شجاع مالک

چیف ایگزیکٹو

26 ستمبر 2023

# Six Years Financials Balance Sheet Summary

(Rs. in million)

Year Ended June 30,	2018	2019	2020	2021	2022	2023
	Restated					
<b>EQUITY</b>						
Issued, subscribed & paid up capital	263.87	290.25	319.28	351.205	351.205	351.205
Statutory Reserve	259.03	232.65	203.63	177.627	192.812	192.812
Revenue Reserve and unappropriate profit	(7.63)	(61.05)	(63.11)	38.774	32.390	(1.5807)
<b>Total Equity</b>	<u>515.27</u>	<u>461.85</u>	<u>459.78</u>	<u>567.606</u>	<u>576.407</u>	<u>542.509</u>
(Deficit) / surplus on revaluation of investments	<u>70.81</u>	<u>(24.43)</u>	<u>22.72</u>	<u>46.824</u>	<u>(23.701)</u>	<u>(52.379)</u>
<b>LIABILITIES</b>						
Customer Security Deposit	10.310	11.09	7.059	1.406	-	-
<b>Current Liabilities</b>						
Current maturity of Long term Security Deposit	14.390	5.494	6.57	-	-	-
Other Current Liabilities	<u>83.535</u>	<u>37.927</u>	<u>36.405</u>	<u>180.134</u>	<u>55.289</u>	<u>47.201</u>
<b>Total Liabilities</b>	108.237	54.51	50.04	181.540	55.288	47.201
<b>Total Equity &amp; Liabilities</b>	<u>694.327</u>	<u>491.937</u>	<u>532.543</u>	<u>795.971</u>	<u>607.995</u>	<u>537.331</u>
<b>ASSETS</b>						
Investment property	-	73.92	70.697	-	-	-
Intangible Assets	2.10	4.80	3.81	2.820	1.832	0.913
Assets Leased Out	69.027	23.925	12.112	1.781	-	-
Assets in own use - Tangible	178.155	98.813	91.125	23.441	26.412	29.681
Long Term Investment	202.366	168.84	214.847	186.506	105.826	81.902
Other Long Term Assets	2.83	1.37	1.35	1.384	1.384	1.384
Diminishing Musharka Financing	<u>32.843</u>	<u>39.46</u>	<u>41.962</u>	<u>101.04</u>	<u>93.201</u>	<u>47.201</u>
	487.311	411.128	435.908	316.984	228.656	161.082
<b>Current Assets</b>						
Stock	42.598	-	-	-	-	-
Short Term Investments	39.966	15.497	9.679	180.728	247.693	246.782
Other Current Assets	68.591	38.46	19.954	54.167	94.419	69.883
Cash & Bank Balances	<u>55.860</u>	<u>25.81</u>	<u>67.000</u>	<u>109.771</u>	<u>37.227</u>	<u>59.583</u>
<b>Total Current Assets</b>	207.015	80.809	96.634	344.66	379.339	373.248
<b>Total Assets</b>	<u>694.327</u>	<u>491.937</u>	<u>532.543</u>	<u>795.971</u>	<u>607.995</u>	<u>537.331</u>

# Income Statement Highlights

(Rs. in million)

Year Ended June 30,	2018	2019	2020	2021	2022	2023
	Restated					
Lease	18.766	8.12	2.83	3.84	0.0287	-
Musharika	-	-	-	-	-	-
Diminishing Musharaka	7.534	9.08	9.87	7.665	20.316	21.644
Capital Gain on Investment	47.843	4.42	4.32	17.971	0.0037	0.0239
Sales - Pharma	-	-	-	-	-	-
Rental property	-	10.00	12.50	10.99	2.149	-
Other	1.469	2.85	8.76	12.44	119.326	41.780
<b>Total Income</b>	<b>75.612</b>	<b>34.46</b>	<b>38.29</b>	<b>52.906</b>	<b>141.825</b>	<b>63.448</b>
<b>EXPENSES</b>						
Operating	22.57	44.00	41.001	38.390	38.694	58.758
Cost of goods sold - Pharma	-	-	-	-	-	-
Selling & distribution	-	-	-	-	-	-
Financial	2.65	2.47	0.65	0.084	0.0183	0.364
<b>Total Expenses</b>	<b>25.22</b>	<b>46.47</b>	<b>41.65</b>	<b>38.474</b>	<b>38.7123</b>	<b>59.122</b>
Unrealized gain on investments	(2.622)	(3.35)	0.56	19.677	(9.827)	(1.569)
Gain on settlement of liability	-	-	-	-	-	-
Profit / (Loss) before Management Fee	47.77	(15.356)	(2.80)	34.109	93.287	2.757
Less:- Management Fee & Other	-	-	-	(4.46)	(12.194)	(0.360)
Profit before Taxation	47.77	(15.356)	(2.80)	29.650	81.093	2.394
<b>Less:- Taxation</b>	<b>(0.76)</b>	<b>(0.38)</b>	<b>-</b>	<b>-</b>	<b>(5.165)</b>	<b>(4.688)</b>
<b>Loss after taxation from discontinued operation</b>	<b>(54.24)</b>	<b>(38.89)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit / (Loss)</b>	<b>(7.232)</b>	<b>(54.63)</b>	<b>(2.80)</b>	<b>29.649</b>	<b>75.923</b>	<b>(2.291)</b>
<b>APPROPRIATIONS</b>						
Cash Dividend	-	-	-	38.632	66.729	-
Stock Dividend	10%	10%	10%	-	-	-
Statutory Reserve	-	(26.39)	(29.03)	(25.998)	15.185	-
Break-up value per Certificates (Rs.)	19.53	14.47	14.40	16.16	16.41	15.45
Market Price on 30th June (Rs.)	18.65	6.24	6.99	10.00	7.00	5.00
Dividend per Certificate (Rs.)	-	-	-	1.10	1.90	-
Earning Per Certificate (Rs.)	(0.25)	(1.71)	(0.09)	0.84	2.16	0.07
Current Ratio (X)	2.11	1.88	2.25	1.89	6.86	7.97
Net Profit margin (%)	(3.10)	(158.51)	(7.31%)	56.04	53.53	(3.61)
Return on Equity (%)	(1)	(11.83)	(0.61%)	5.22	13.17	(0.42)
Dividend Payout (%)	-	-	-	130.95	87.89	-

# Statement of Compliance with the Code of Corporate Governance

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

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

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

2. The Composition of board is as follows:

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

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



11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. Pursuant to the provisions of the Regulations, the Board formed committees comprising of members given below, as on June 30, 2023:

Audit Committee Composition:

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

HR and Remuneration Committee Composition:

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

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

-Sd-

Shuja Malik  
Chief Executive  
Date: 26th September'2023.



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Rahman**

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## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE CERTIFICATE HOLDERS OF FIRST UDL MODARABA (the Modaraba) REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

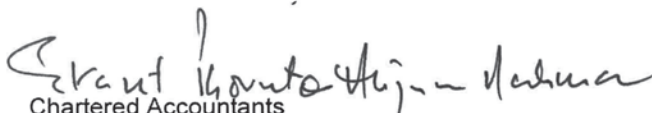
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of UDL Modaraba Management (Private) Limited, the Management Company of the Modaraba for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2023.

  
Chartered Accountants  
Place: Karachi  
Date: 03 October 2023  
UDIN: CR202310093i0UgZyYE8



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**AUDITORS' REPORT TO THE CERTIFICATE HOLDERS**

We have audited the annexed balance sheet of First UDL Modaraba (the Modaraba) as at 30 June 2023 and the related profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.


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

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

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980) and Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - iii) the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;



- c) in our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2023 and of the loss, its comprehensive income, changes in equity and cash flows for the year then ended; and
- d) zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

  
Chartered Accountants  
Karachi  
Audit Engagement Partner: Khurram Jameel  
Date: 03 October 2023  
UDIN: AR202310093iSVZDIH6F



## Mufti Abdul Qadir

### Shariah Advisor

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

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

Ref: ASRR-23

Date: 26-09-23

### Annual Shari'ah Review Report of First UDL Modaraba (FUDLM) For the year ended June 30, 2023

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

I have conducted the Shari'ah review of the First UDL Modaraba managed by UDL Modaraba Management (Private) Limited, the Modaraba Management Company for the year ended June 30, 2023, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that,

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

#### **Training and Development:**

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

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

#### **Charity:**

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

	<b>2023</b>
	<b><u>Rupees</u></b>
Opening Balance	122,937
Additions during the period	215,000
Payments made during the year	<u>(100,000)</u>
Closing Balance	<b>237,937</b>

**Observations:**

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

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

**Recommendations:**

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

**Conclusion:**

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

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



Mufti Abdul Qadir  
Shari'ah Advisor  
Dated: September 26th 2023







# FINANCIAL STATEMENTS

for the year ended June 30, 2023





# Balance Sheet

as at June 30, 2023

	Note	2023	2022
		← Rupees →	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	6	29,681,466	26,412,551
Intangible assets	7	913,121	1,832,498
Long term investments	8	81,902,432	105,826,135
Diminishing Musharakah Financing	9	47,200,834	93,201,258
Long term deposits	10	1,384,350	1,384,350
		<u>161,082,203</u>	<u>228,656,792</u>
<b>CURRENT ASSETS</b>			
Short term investments	11	246,782,089	247,693,994
Current portion of Diminishing Musharakah Financing	9	41,918,950	44,251,358
Diminishing Musharakah Financing rent receivable		1,165,189	806,270
Advances, deposits, prepayments and other receivables		9,647,922	33,865,615
Taxation - net		17,150,998	15,494,824
Cash and bank balances	12	59,583,194	37,227,011
		<u>376,248,342</u>	<u>379,339,072</u>
<b>TOTAL ASSETS</b>		<u><u>537,330,545</u></u>	<u><u>607,995,864</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized certificate capital	13	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up certificate capital	13	<u>351,205,480</u>	<u>351,205,480</u>
Statutory reserve		192,812,478	192,812,478
Accumulated (loss)/ profit		(1,508,745)	32,390,940
Certificate holders' equity		542,509,214	576,408,898
Deficit on revaluation of investments	14	(52,379,178)	(23,701,850)
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	15	<u>17,780,159</u>	<u>26,989,295</u>
Unclaimed profit distributions	16	<u>29,420,351</u>	<u>28,299,521</u>
		<u>47,200,510</u>	<u>55,288,816</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>537,330,545</u></u>	<u><u>607,995,864</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

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

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

-Sd-  
Chief Executive Officer  
Shuja Malik

-Sd-  
Director  
Abdul Rahim Suriya

-Sd-  
Director  
Farah Qureshi

-Sd-  
Chief Financial Officer  
S. Aamir Hussain

# Profit & Loss Account

for the year ended June 30, 2023

	Note	2023	2022
		← Rupees →	
<b>Income from:</b>			
- Ijarah operations		-	28,750
- Diminishing Musharakah		21,643,819	20,316,717
- Sale of investments		23,851	3,709
- Rental property		-	2,149,076
- Dividend		28,325,872	7,242,666
- Bank balances / TDRs		11,078,442	17,594,855
- Other sources		2,375,854	94,489,979
		<u>63,447,838</u>	<u>141,825,753</u>
Unrealized loss on re-measurement of investments at FVTPL		<u>(1,568,617)</u>	<u>(9,827,148)</u>
		61,879,221	131,998,605
Operating expenses	18	(58,758,167)	(38,694,789)
Financial charges		(363,861)	(18,379)
Management Company's remuneration	15.3	(275,719)	(9,328,544)
Sales tax on Management Company's remuneration	15.3	(35,843)	(1,212,711)
Provision for Sindh Workers' Welfare Fund	15.4	(48,913)	(1,654,884)
		<u>2,396,717</u>	<u>81,089,299</u>
<b>Profit before taxation</b>			
Taxation - current	19	(4,687,905)	(5,165,675)
		<u>(2,291,188)</u>	<u>75,923,623</u>
<b>(Loss) / profit after taxation</b>			
		<u>(2,291,188)</u>	<u>75,923,623</u>
<b>(Loss) / Earning per certificate</b>	20	<u>(0.07)</u>	<u>2.16</u>

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

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

-Sd-  
Chief Executive Officer  
Shuja Malik

-Sd-  
Director  
Abdul Rahim Suriya

-Sd-  
Director  
Farah Qureshi

-Sd-  
Chief Financial Officer  
S. Aamir Hussain



# Statement of Comprehensive Income

for the year ended June 30, 2023

	← 2023	2022 →
	Rupees	
<b>(Loss) / profit after taxation</b>	(2,291,188)	75,923,623
<b>Items that will not be reclassified subsequently to profit and loss account</b>		
Unrealized loss on re-measurement of investments at FVOCI	(28,677,328)	(70,526,048)
<b>Total comprehensive (loss)/ income for the year</b>	<u>(30,968,516)</u>	<u>5,397,575</u>

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

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

-Sd-  
Chief Executive Officer  
Shuja Malik

-Sd-  
Director  
Abdul Rahim Suriya

-Sd-  
Director  
Farah Qureshi

-Sd-  
Chief Financial Officer  
S. Aamir Hussain

# Cash Flow Statement

for the year ended June 30, 2023

	2023	2022
	← Rupees →	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	2,396,717	81,089,299
<b>Adjustment of non cash items:</b>		
Depreciation	4,697,521	3,470,738
Amortization	919,377	988,126
Unrealized loss on re-measurement of investments at FVTPL	1,568,617	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)
Allowance for ECL	(413,235)	1,011,199
Dividend income	(28,325,872)	(7,242,666)
Financial charges	363,861	18,379
<b>Operating loss before working capital changes</b>	<b>(19,403,339)</b>	<b>(4,852,557)</b>
<b>Changes in working capital:</b>		
Ijarah rental receivables	-	28,210
Diminishing Musharakah financing	48,387,147	(4,736,580)
Advances, deposits, prepayments and other receivables	24,217,693	(28,215,062)
Accrued and other liabilities	(9,209,143)	(128,178,949)
Security deposits	-	(1,406,020)
Un-claimed profit distribution	1,120,830	3,333,449
	<b>64,516,527</b>	<b>(159,174,952)</b>
Tax paid	(6,271,232)	(5,656,999)
Financial charges paid	(363,861)	(18,379)
<b>Net cash generated / (used in) from operating activities</b>	<b>38,478,095</b>	<b>(169,702,887)</b>

# Cash Flow Statement

for the year ended June 30, 2023

← 2023                      2022 →  
← Rupees →

## CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets	(8,167,454)	(8,258,500)
Proceeds from sale of held for sale assets	-	230,000,000
Net investments during the year	(5,386,486)	(60,002,899)
Proceeds from sale of fixed assets	787,500	1,929,852
Dividends received	28,253,024	7,242,666
<b>Net cash generated from investing activities</b>	<b>15,486,584</b>	<b>170,911,119</b>

## CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	(31,608,497)	(73,753,155)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>22,356,183</b>	<b>(72,544,923)</b>
Cash and cash equivalents at the beginning of the year	37,227,011	109,771,934
<b>Cash and cash equivalents at the end of the year</b>	<b>59,583,194</b>	<b>37,227,011</b>

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

-Sd-  
Chief Executive Officer  
Shuja Malik

-Sd-  
Director  
Abdul Rahim Suriya

-Sd-  
Director  
Farah Qureshi

-Sd-  
Chief Financial Officer  
S. Aamir Hussain

# Statement of Changes in Equity

for the year ended June 30, 2023

	Certificate Capital	Capital Reserve *Statutory Reserve	Revenue Reserve Accumulated (Loss) / Profit	Total Certificate Holders' Equity
	← Rupees →			
<b>Balance as at July 01, 2021</b>	351,205,480	177,627,753	38,774,087	567,607,320
Total comprehensive income for the year	-	-	75,923,625	75,923,625
Surplus on revaluation of investments transferred to accumulated profit	-	-	6,631,110	6,631,110
<b>Transfer to statutory reserve at 20%</b>		15,184,725	(15,184,725)	-
Transaction with certificate holders of the Modaraba				
Final dividend for the year ended June 30, 2021 (11%)	-	-	(38,632,603)	(38,632,603)
Interim dividend for the year ended June 30, 2022 (10%)	-	-	(35,120,552)	(35,120,552)
<b>Balance as at June 30, 2022</b>	<u>351,205,480</u>	<u>192,812,478</u>	<u>32,390,940</u>	<u>576,408,898</u>
Total comprehensive loss for the year	-	-	(2,291,188)	(2,291,188)
<b>Transaction with certificate holders of the Modaraba</b>				
Final dividend for the year ended June 30, 2022 (9%)	-	-	(31,608,497)	(31,608,497)
<b>Balance as at June 30, 2023</b>	<u>351,205,480</u>	<u>192,812,478</u>	<u>(1,508,745)</u>	<u>542,509,214</u>

\*The statutory reserve represents profit set aside as required under the Modaraba Regulations 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)

-Sd-  
Chief Executive Officer  
Shuja Malik

-Sd-  
Director  
Abdul Rahim Suriya

-Sd-  
Director  
Farah Qureshi

-Sd-  
Chief Financial Officer  
S. Aamir Hussain

# Notes to the Financial Statements

for the year ended June 30, 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 certificate holders of the Modaraba in their meeting held on July 14, 2023 approved the Scheme of Arrangement (the Scheme) between UDL International Limited, UDL Financial Services Limited and the Modaraba under the provisions of Sections 279 to 283 and Section 505 (1) (c) of the Companies Act, 2017, subject to the sanction by the High Court of Sindh. Under the Scheme, the Modaraba will cease to exist as a legal entity and the entire business of the Modaraba including the assets, liabilities and rights and obligations will be vested into UDL International Limited. The Swap ratio shall be 1:1, i.e. for every one certificate of the Modaraba, one share of UDL International Limited shall be issued to the certificate holders of the Modaraba and the Modaraba will be dissolved without winding up.

Simultaneously, upon merger of the Modaraba with and into UDL International Limited, the diminishing musharakah portfolio along with certain other assets, as defined in the Scheme, shall be hived down to UDL Financial Services Limited up to the extent of Rs 225 million. In lieu of the diminishing musharakah portfolio and other assets, UDL Financial Services Limited shall issue 22.5 million shares to UDL International Limited.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directions issued under the Companies Act 2017; and
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modarabas Regulation, 2021.

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 Modaraba Regulations, 2021 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 Modarabas Regulations, 2021 for Modarabas have been followed.

### 2.2 Basis of measurement

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

# Notes to the Financial Statements

for the year ended June 30, 2023

Permissible Islamic financial products including murabaha 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.

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

## 2.3 Functional and presentation currency

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

## 3. NEW ACCOUNTING STANDARDS

### 3.1 Accounting standards effective for the period

There are certain new standards and amendments that are mandatory for the Modaraba's accounting period beginning on July 01, 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 July 01, 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:

	<b>Note</b>
- Determination of useful lives, pattern of flow of economic benefits and impairment of fixed assets	5.1, 5.2, 6 & 7
- Classification and valuation of investments	5.3, 8 & 11
- Provisions against non-performing financing	5.8 & 9
- Provison for taxation	5.10 & 19

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Fixed assets - tangible

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



# Notes to the Financial Statements

for the year ended June 30, 2023

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. Gain or loss on disposal of assets, if any, is recognized as and when incurred. The Modaraba assesses at each balance sheet date whether there is any indication that 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, 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. 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 Financial Instruments

### 5.3.1 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 (FVTPL).

#### Financial assets

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

# Notes to the Financial Statements

for the year ended June 30, 2023

## ii) Financial assets measured at FVTPL

- 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 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

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.

## 5.3.2 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.

# Notes to the Financial Statements

for the year ended June 30, 2023

## 5.3.3 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.

## 5.4 Cash and cash equivalents

These are carried in the balance sheet at cost.

## 5.5 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.

## 5.6 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.

## 5.7 Contingent liabilities

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

## 5.8 Provisions

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

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

# Notes to the Financial Statements

for the year ended June 30, 2023

## 5.9 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.

## 5.10 Taxation

### Current

Provision for current taxation is recognised in accordance with the Income Tax Ordinance, 2001, The charge for the 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.

## 5.11 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.

## 5.12 Segment reporting

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



# Notes to the Financial Statements

for the year ended June 30, 2023

## 6. FIXED ASSETS - tangible

June 30, 2023	Cost			ACCUMULATED DEPRECIATION		BOOK VALUE As at June 30, 2023	DEPRECIATION rate per annum %	
	As at July 1, 2022	Additions	(Deletions)	As at June 30, 2023	Charge for the year (Adjustments)			
	Rupees							
Furniture and fittings	18,628,739	-	-	18,628,739	458,512	8,711,852	5	
Books	83,000	-	-	83,000	1,865	7,512	20	
Vehicles	28,392,072	7,873,600	(1,190,000)	35,075,672	3,725,795	18,829,043	20	
Computer equipment	6,199,920	256,354	-	6,456,274	263,042	1,111,707	20	
Office equipment and appliances	4,890,776	37,500	-	4,928,276	248,299	1,021,352	20	
Total	58,194,507	8,167,454	(1,190,000)	65,171,961	4,697,513	29,681,466		
	Rupees							
June 30, 2022	Cost			ACCUMULATED DEPRECIATION		BOOK VALUE	DEPRECIATION	
	As at July 1, 2021	Additions	(Deletions)	As at June 30, 2022	Charge for the year (Disposal)	As at June 30, 2022	rate per annum %	
	Rupees							
Assets own use								
Furniture and fittings	20,012,236	-	(1,383,497)	18,628,739	505,738	9,458,375	5	
Books	83,000	-	-	83,000	2,359	9,377	20	
Vehicles	23,524,072	7,757,000	(2,889,000)	28,392,072	1,955,973	14,882,264	20	
Computer equipment	6,880,970	114,000	(795,050)	6,199,920	288,552	1,118,395	20	
Office equipment and appliances	10,292,035	387,500	(5,788,759)	4,890,776	327,303	1,232,151	20	
Total	60,792,313	8,258,500	(10,856,306)	58,194,507	3,079,925	26,412,551		
Assets leased out under Ijarah								
Vehicles	8,003,400	-	(8,003,400)	-	390,813	-		
Total	68,795,713	8,258,500	(18,859,706)	58,194,507	3,470,738	26,412,551		

# Notes to the Financial Statements

for the year ended June 30, 2023

## 7. INTANGIBLE ASSETS

June 30, 2023	Cost		ACCUMULATED AMORTIZATION			Book value As at June 30, 2023	Amortization rate per annum %
	As at July 1, 2022	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023		
	← Rupees →						
Computer Software	6,440,625	6,440,625	4,608,127	919,377	5,527,504	913,121	20
<b>Total</b>	<b>6,440,625</b>	<b>6,440,625</b>	<b>4,608,127</b>	<b>919,377</b>	<b>5,527,504</b>	<b>913,121</b>	

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

## 8. LONG TERM INVESTMENTS - At FVOCI

	2023	2022	2023	2022
	Number of Shares / Certificates (face value Rs 10/-)		← Rupees →	
<b>Pharma &amp; Bio Tech</b>				
The Searle Company Limited	447,451	357,961	17,146,322	39,024,908
AGP Limited	20,000	20,000	1,129,600	1,752,400
IBL HealthCare Limited	20,368	18,502	662,978	961,919
<b>Food and Personal Care Products</b>				
Gillette Pakistan Limited	183,385	183,385	21,144,291	23,119,347
Al Shaheer Corporation	121,666	97,333	879,645	879,890
At-Tahur Ltd (PREMA)	21,615	19,650	355,783	374,726
<b>Cement</b>				
Power Cement Limited	404,826	404,826	1,659,787	2,153,674
Fauji Cement	281,250	250,000	3,307,500	3,542,500
<b>Oil &amp; Gas</b>				
Sui Northern Gas Pipelines Limited	4,713	4,713	185,551	161,232
Sui Southern Gas Pipelines Limited	6,000	6,000	51,540	54,360
<b>Modaraba</b>				
BRR Guardain Mdoaraba	1,982	1,982	22,793	20,791
<b>Engineering</b>				
International Steels	100,000	-	4,053,000	-

# Notes to the Financial Statements

for the year ended June 30, 2023

	2023	2022	2023	2022
	Number of Shares / Certificates (face value Rs 10/-)		Rupees	
<b>Real Estate Investment</b>				
Dolmen City REIT	105,500	105,500	1,443,240	1,426,360
<b>Chemicals</b>				
United Distributors (Pakistan) Limited	396,419	396,419	11,718,146	12,685,408
Sitara Peroxide Limited	34,500	34,500	426,765	491,970
<b>Textile Composite</b>				
International Knitwear Limited	832,153	832,153	11,234,066	8,321,530
United Brands Limited	219,570	219,570	2,305,485	3,809,540
Rupali Polyster Limited	100,000	100,000	1,900,000	3,800,000
Nishat Mills Limited	25,000	25,000	1,419,250	1,847,750
<b>Power Generation &amp; distribution</b>				
K-Electric Limited	374,500	374,500	644,140	1,138,480
<b>Fixed Line Telecommunication</b>				
Worldcall Telecom Limited	195,000	195,000	212,550	259,350
	<u>3,895,898</u>	<u>3,646,994</u>	<u>81,902,432</u>	<u>105,826,135</u>

	Note	2023	2022
		Rupees	
<b>9 DIMINISHING MUSHARAKAH FINANCING</b>			
<b>Secured</b>			
Diminishing Musharakah Financing	9.1	90,072,018	138,818,085
Allowance for ECL	9.2	(952,234)	(1,365,469)
		<u>89,119,784</u>	<u>137,452,616</u>
Less: Current portion		(41,918,950)	(44,251,358)
	9.3	<u>47,200,834</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% (2022: 13% to 22%) per annum. All Diminishing Musharakah arrangements are secured against title documents, personal guarantees and promissory notes.

	2023	2022
	Rupees	
<b>9.2 Allowance for ECL</b>		
Opening balance	1,365,469	354,270
(Reversal) / Charge for the year	(413,235)	1,011,199
Closing balance	<u>952,234</u>	<u>1,365,469</u>

# Notes to the Financial Statements

for the year ended June 30, 2023

	Note	← 2023 Rupees →	← 2022 Rupees →
<b>9.3 Classification</b>			
Considered good		46,248,600	91,835,789
Other assets specifically mentioned		<u>952,234</u>	<u>1,365,469</u>
		<u>47,200,834</u>	<u>93,201,258</u>

## 10 LONG TERM DEPOSITS

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

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

	Note	← 2023 Rupees →	← 2022 Rupees →
<b>11 SHORT TERM INVESTMENTS</b>			
<b>At amortized cost</b>			
Term deposit receipts	11.1	50,000,000	232,000,000
<b>At FVTPL</b>			
HBL Islamic Money Market Fund - HBL AMC		180,412,804	-
Listed securities	11.2	<u>16,369,285</u>	<u>15,693,994</u>
		<u>246,782,089</u>	<u>247,693,994</u>

11.1 Represent investments in term deposit receipts (TDR) with expected profit of 12.5% to 17.5% (2022: 11.2% to 12.5%) per annum having maturity in July 2023.



# Notes to the Financial Statements

for the year ended June 30, 2023

## 11.2 At FVTPL

	2023	2022	2023	2022
	Number of Shares / Certificates (face value Rs 10/-)		Rupees	
<b>Oil &amp; Gas Exploration/Marketing</b>				
Oil And Gas Development Company Limited	28,000	28,000	2,184,000	2,202,760
Pakistan State Oil Limited	10,000	10,000	1,110,100	1,718,400
Shell Pakistan Limited	20,000	-	2,313,000	-
<b>Engineering</b>				
Huffaz Seamless Pipe Industries Limited	23,500	23,500	232,885	235,000
<b>Pharma &amp; Bio Tech</b>				
Abbott Laboratories (Pakistan) Limited	100	100	37,000	65,464
<b>Food and Personal Care Products</b>				
Gillette Pakistan Limited	91,000	91,000	10,492,300	11,472,370
	<u>172,600</u>	<u>152,600</u>	<u>16,369,285</u>	<u>15,693,994</u>

Note ← 2023 Rupees 2022 →

## 12 CASH AND BANK BALANCES

Cash in hand		650	650
Cash at bank		19,088,895	17,937,993
- Current accounts	12.1	40,493,649	19,288,368
- Profit bearing accounts		59,582,544	37,226,361
		<u>59,583,194</u>	<u>37,227,011</u>

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

# Notes to the Financial Statements

for the year ended June 30, 2023

## 13 CERTIFICATE CAPITAL

2023	2022		← 2023	2022 →
Number of certificates	Number of certificates		Rupees	
<u>50,000,000</u>	<u>50,000,000</u>	<b>Authorized certificate capital</b>		
		Modaraba certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>
		<b>Issued, subscribed and paid-up capital</b>		
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 June 30, 2023 the Management Company held 6,573,781 certificates of Rs. 10 each.

## 14 DEFICIT ON REVALUATION OF INVESTMENTS

	← 2023	2022 →
	Rupees	
Market value of investments	81,902,432	105,826,135
Less: Cost of investments	<u>(134,281,609)</u>	<u>(129,527,985)</u>
	<u>(52,379,178)</u>	<u>(23,701,850)</u>
Opening balance	(23,701,850)	46,824,198
Surplus transferred to accumulated profit	-	(6,631,110)
Deficit on revaluation during the year	(28,677,328)	(63,894,938)
Closing balance	<u>(52,379,178)</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/2017-259 dated December 11, 2017.

# Notes to the Financial Statements

for the year ended June 30, 2023

	Note	← 2023	Rupees →	2022
<b>15 ACCRUED AND OTHER LIABILITIES</b>				
Charity payable	15.1	237,937		122,937
Provident fund	15.2	31,036		139,574
Management Company's remuneration payable	15.3	275,719		9,328,544
Sales tax on the Management Company's remuneration payable	15.3	7,464,563		7,428,720
Sindh Worker's Welfare Fund	15.4	2,972,767		2,923,854
Security deposit for property		6,000,000		6,000,000
Others		798,137		1,045,666
		<u>17,780,159</u>		<u>26,989,295</u>

## 15.1 Charity payable

Opening balance	122,937	207,769
Addition during the year	215,000	601,093
Payments as approved by shariah advisor	<u>(100,000)</u>	<u>(685,925)</u>
Closing balance	<u>237,937</u>	<u>122,937</u>

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

**15.2** 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.

**15.3** The Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the year ended 30 June 2023 has been recognized at 10% of profit for the year.

The Sindh Revenue Board (SRB) imposed Sindh Sales Tax (SST) on the Management Company's remuneration with effect from November 1, 2011. However, certain modaraba management companies have approached the Honourable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Management Company has not received any demand notice from SRB for payment of SST on such remuneration and accordingly, based on legal advisor's opinion, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. However matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.

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

# Notes to the Financial Statements

for the year ended June 30, 2023

	← 2023	Rupees	2022 →
<b>16 UNCLAIMED PROFIT DISTRIBUTIONS</b>			
Opening balance	28,299,521		24,966,072
Dividend payable	31,608,497		73,753,155
Dividend paid	(30,487,667)		(70,419,706)
Closing balance	<u>29,420,351</u>		<u>28,299,521</u>

## 17 CONTINGENCIES AND COMMITMENTS

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

	Note	← 2023	Rupees	2022 →
<b>18 OPERATING EXPENSES</b>				
Salaries and other staff benefits	18.1	25,029,676		20,965,272
Travelling and conveyance		4,744,185		2,467,250
Vehicles running and maintenance		1,105,188		1,238,107
Utilities and communication		1,706,707		1,311,715
Printing and stationery		1,580,285		1,134,352
Rent, rates and taxes		4,944,157		446,054
Repair and maintenance		2,265,103		1,061,858
Legal and professional charges		6,669,525		1,290,075
Insurance		597,386		87,667
Entertainment		468,550		349,831
(Reversal)/ charge of allowance for ECL	9.2	(413,235)		1,011,199
Consultancy fee		249,996		249,996
Fee and subscription		2,063,720		1,076,968
Auditors' remuneration	18.2	1,218,500		1,049,900
Advertisement		135,680		163,140
Depreciation	6	4,697,513		3,079,925
Amortization	7	919,377		988,126
Others		775,853		723,353
		<u>58,758,167</u>		<u>38,694,789</u>

# Notes to the Financial Statements

for the year ended June 30, 2023

## 18.1 Remuneration of officers and employees

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

	2023			2022		
	Officers	Employees	Total	Officers	Employees	Total
	← Rupees →					
Salaries and allowances	13,897,530	9,265,020	23,162,550	11,553,646	7,702,430	19,256,076
Provident fund	543,571	362,380	905,951	466,466	310,978	777,444
Medical expenses	576,705	384,470	961,175	559,051	372,701	931,752
	<u>15,017,806</u>	<u>10,011,870</u>	<u>25,029,676</u>	<u>12,579,163</u>	<u>8,386,109</u>	<u>20,965,272</u>
Number of persons	6	15	21	6	15	21

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

## 18.2 Auditors' remuneration

	2023	2022
	← Rupees →	
Audit fee	330,000	300,000
Half yearly review	55,000	50,000
Other services	630,000	600,000
Out of pocket expenses	203,500	99,900
	<u>1,218,500</u>	<u>1,049,900</u>

## 19 TAXATION

The provision for current income tax is based on minimum tax under Section 113 of the Income Tax Ordinance, 2001 ('the Ordinance'). Accordingly reconciliation of tax expense with the accounting profit is not presented. Further, the Modaraba has not recognised net deferred tax asset amounting to Rs. 20 million as at June 30, 2023 on net deductible temporary differences aggregating to Rs. 71.86 million as timing of availability of sufficient taxable profits cannot be determined due to applicability of alternative corporate tax and minimum tax.

	2023	2022
	← Rupees →	
20 (LOSS) / EARNING PER CERTIFICATE		
(Loss) / profit after taxation	<u>(2,291,188)</u>	<u>75,923,623</u>
Weighted average number of ordinary certificates outstanding during the year	<u>35,120,548</u>	<u>35,120,548</u>
(Loss) / earning per certificate - Basic	<u>(0.07)</u>	<u>2.16</u>

# Notes to the Financial Statements

for the year ended June 30, 2023

20.1 There is no dilutive potential shares as at the year 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 30 June 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. As of June 30, 2023, the Modaraba is mainly exposed to credit risk in respect of the following:

	← 2023	Rupees	2022 →
Diminishing Musharakah Financing	90,072,018		138,818,085
Investments	-		232,000,000
Bank balances	59,582,544		37,226,361
	<u>149,654,562</u>		<u>408,044,446</u>

# Notes to the Financial Statements

for the year ended June 30, 2023

## 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	Rupees	
				← 2023	→ 2022
Habib Bank	A1+	AAA	JCR	213,601,318	131,874,457
Bank Islami Pakistan	A1+	A+	PACRA	4,693	4,693
Dubai Islamic Bank	A1+	AA-	JCR	92,603	904
Albaraka Islamic Bank	A1	A	PACRA	20,502,468	72,479,862
Faysal Bank	A1+	AA	PACRA	590,741	365,621
Askari Bank	A1+	AA	PACRA	54,721,181	64,461,162
				<u>289,513,004</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;

	2023		2022	
	Rupees	%	Rupees	%
<b>Diminishing Musharakah assets</b>				
Modaraba	1,987,761	2.21%	3,443,619	1.86%
Cargo, Trading & distribution	13,844,807	15.37%	27,526,335	14.85%
Individual	38,781,007	43.06%	79,702,252	43.01%
Others	35,458,443	39.37%	74,640,984	40.28%
	<u>90,072,018</u>	<u>100.00%</u>	<u>185,313,190</u>	<u>100.00%</u>

# Notes to the Financial Statements

for the year ended June 30, 2023

## (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. The financial instruments due in one year are given below:

	2023	2022
	← Rupees →	
<b>Financial liabilities</b>		
Accrued and other liabilities	17,780,159	26,989,294
Unclaimed profit distributions	<u>29,420,351</u>	<u>28,299,521</u>
	<u>47,200,510</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 June 30, 2023, the fair value of equity exposed to price risk was as follows:

	Average Cost	Fair Value	Average Cost	Fair Value
	2023		2022	
	← Rupees →			
Equity investment	<u>107,172,898</u>	<u>81,902,432</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. As at June 30, 2023, the profit of the Modaraba's variable value financial instruments were as follows:

	2023	2022
	← Rupees →	
<b>Assets</b>		
Diminishing Musharakah Financing	89,119,784	137,452,616
Bank deposits	40,493,649	19,288,368
Investments	<u>246,782,089</u>	<u>232,000,000</u>
	<u>376,395,522</u>	<u>388,740,984</u>



# Notes to the Financial Statements

for the year ended June 30, 2023

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

Asset / liability class (Having variable profit rates)	(Increase / Decrease) (+/-)	Changes in profit / (loss)	
		2023	2022
		← Rupees →	
<b>Assets</b>			
Diminishing Musharakah Financing	100 basis points	891,198	1,374,526
Bank deposits	100 basis points	404,936	192,884
Investments	100 basis points	2,467,821	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.

## 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.

# Notes to the Financial Statements

for the year ended June 30, 2023

	2023			
	← Rupees →			
	Carrying amount / Cost	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>				
Diminishing Musharakah Financing	89,119,784	-	-	-
Diminishing Musharakah Financing rent receivable	1,165,189	-	-	-
Long term deposits	1,384,350	-	-	-
HBL Islamic Money Market Fund - HBL AMC	180,412,804	-	-	-
Advances, deposits, prepayments and other receivables	9,647,922	-	-	-
Cash and bank balances	59,583,194	-	-	-
<b>Financial assets at FVTPL</b>				
Investments	-	-	-	-
<b>Financial assets at FVOCI</b>				
Investments	81,902,432	81,902,432	-	-
<b>Financial liabilities at amortized cost</b>				
Accrued and other liabilities	17,780,159	-	-	-
Unclaimed profit distributions	29,420,351	-	-	-

	2022			
	← Rupees →			
	Carrying amount / Cost	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>				
Diminishing Musharakah financing	137,452,616	-	-	-
Diminishing Musharakah financing installments receivable	806,270	-	-	-
Long term advances and deposits	1,384,350	-	-	-
Investment in term deposits	232,000,000	-	-	-
Ijarah rental receivables	-	-	-	-
Advances	4,584,455	-	-	-
Other receivables	26,524,007	-	-	-
Cash and bank balances	37,227,011	-	-	-
<b>Financial assets at FVTPL</b>				
Investments	15,693,994	15,693,994	-	-
<b>Financial assets at FVOCI</b>				
Long term investments	105,826,135	105,826,135	-	-
<b>Financial liabilities at amortized cost</b>				
Accrued and other liabilities	26,989,295	-	-	-
Unclaimed profit distributions	28,299,521	-	-	-

# Notes to the Financial Statements

for the year ended June 30, 2023

## 25 YIELD / PROFIT RATE RISK EXPOSURE

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

2023	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
	Within one year	After one year	Sub total	Within one year	After one year	Sub total	
Rupees							
<b>Financial assets</b>							
Diminishing Musharakah Financing receivable	41,918,950	47,200,834	89,119,784	-	-	-	89,119,784
Diminishing Musharakah Financing Long term investments	-	-	-	1,165,189	-	1,165,189	1,165,189
Long term deposits	-	-	-	-	81,902,432	81,902,432	81,902,432
Investments	246,782,089	-	246,782,089	1,384,350	-	1,384,350	1,384,350
Advances, deposits, prepayments and other receivables	-	-	-	9,647,922	-	9,647,922	9,647,922
Cash and bank balances	40,493,649	-	40,493,649	19,089,545	-	19,089,545	59,583,194
	<u>329,194,688</u>	<u>47,200,834</u>	<u>376,395,522</u>	<u>31,287,006</u>	<u>81,902,432</u>	<u>113,189,438</u>	<u>489,584,960</u>
(A)							
<b>Financial liabilities</b>							
Accrued and other liabilities	-	-	-	17,780,159	-	17,780,159	17,780,159
Unclaimed profit distributions	-	-	-	29,420,351	-	29,420,351	29,420,351
	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,200,510</u>	<u>-</u>	<u>47,200,510</u>	<u>47,200,510</u>
(B)							
(A-B)	<u>329,194,688</u>	<u>47,200,834</u>	<u>376,395,522</u>	<u>(15,913,504)</u>	<u>81,902,432</u>	<u>65,988,928</u>	<u>442,384,450</u>
On-balance sheet gap							

# Notes to the Financial Statements

for the year ended June 30, 2023

2022	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
	Within one year	After one year	Sub total	Within one year	After one year	Sub total	
	Rupees						
<b>Financial assets</b>							
Diminishing Musharakah Financing	44,251,358	93,201,258	137,452,616	-	-	-	137,452,616
Diminishing Musharakah Financial installments receivable	-	-	-	806,270	-	806,270	806,270
Long term investments	-	-	-	-	105,826,135	105,826,135	105,826,135
Long term deposits	-	-	-	1,384,350	-	1,384,350	1,384,350
Investments	232,000,000	-	232,000,000	15,693,994	-	15,693,994	247,693,994
Advances, deposits, prepayments and other receivables	-	-	-	33,865,616	-	33,865,616	33,865,616
Cash and bank balances	19,288,368	-	19,288,368	17,938,643	-	17,938,643	37,227,011
(A)	<u>295,539,726</u>	<u>93,201,258</u>	<u>388,740,984</u>	<u>69,688,873</u>	<u>105,826,135</u>	<u>175,515,008</u>	<u>564,255,992</u>
<b>Financial liabilities</b>							
Long term security deposits	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	26,989,294	-	26,989,294	26,989,294
Unclaimed profit distributions	-	-	-	28,299,521	-	28,299,521	28,299,521
(B)	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,288,815</u>	<u>-</u>	<u>55,288,815</u>	<u>55,288,815</u>
<b>On-balance sheet gap</b>							
(A-B)	<u>295,539,726</u>	<u>93,201,258</u>	<u>388,740,984</u>	<u>14,400,057</u>	<u>105,826,135</u>	<u>120,226,193</u>	<u>508,967,177</u>

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

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

# Notes to the Financial Statements

for the year ended June 30, 2023

## 26 SEGMENT INFORMATION

	2023			
	Diminishing Musharaka financing	Investments	Other Operations	Total
	← Rupees →			
<b>Segment results</b>				
Segment Revenues	21,643,819	28,349,723	13,454,296	63,447,838
Unrealized loss re-measurement of investments at FVTPL	-	(1,568,617)	-	(1,568,617)
Operating expenses	413,235	-	-	413,235
Unallocated expenses	-	-	-	(59,895,738)
Taxation	-	-	-	(4,687,905)
<b>Net profit for the period</b>	<b>22,057,054</b>	<b>26,781,106</b>	<b>13,454,296</b>	<b>(2,291,187)</b>
<b>Other information</b>				
Capital expenditure	-	-	-	8,167,454
Depreciation and amortization	-	-	-	5,616,898
<b>Assets and liabilities</b>				
Segment assets	90,284,973	278,684,521	-	368,969,494
Unallocated assets	-	-	168,361,051	168,361,051
<b>Total assets</b>	<b>90,284,973</b>	<b>278,684,521</b>	<b>168,361,051</b>	<b>537,330,545</b>
Segment liabilities	-	-	-	-
Unallocated liabilities	-	-	-	47,137,016
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,137,016</b>

# Notes to the Financial Statements

for the year ended June 30, 2023

	2022			
	Diminishing Musharaka financing	Investments	Other Operations	Total
	← Rupees →			
<b>Segment Results</b>				
Segment Income	20,316,717	7,246,375	2,177,826	29,740,918
Other Income	-	-	112,084,835	112,084,835
Total Income	<u>20,316,717</u>	<u>7,246,375</u>	<u>114,262,661</u>	<u>141,825,753</u>
Unrealized loss on re-measurement	-	(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	<u>19,305,518</u>	<u>(2,580,773)</u>	<u>59,198,879</u>	<u>75,923,624</u>
<b>Other information</b>				
Capital expenditure	-	-	8,258,500	8,258,500
Depreciation and amortization	-	-	390,813	390,813
<b>Assets and liabilities</b>				
Segment assets	138,258,886	143,110,200	-	281,369,086
Unallocated assets	-	-	326,626,778	326,626,778
Total assets	<u>138,258,886</u>	<u>143,110,200</u>	<u>326,626,778</u>	<u>607,995,864</u>
Segment liabilities	-	-	6,000,000	6,000,000
Unallocated liabilities	-	-	64,783,639	64,783,639
Total liabilities	<u>-</u>	<u>-</u>	<u>70,783,639</u>	<u>70,783,639</u>

# Notes to the Financial Statements

for the year ended June 30, 2023

	← 2023	Number	2022 →
<b>27 NUMBER OF EMPLOYEES</b>			
Total employees as at the year end	<u>21</u>		<u>21</u>
Average employees during the 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 year.

## 29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 26th September, 2023 by the Board of Directors of the Management Company.

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

-Sd-  
Chief Executive Officer  
Shuja Malik

-Sd-  
Director  
Abdul Rahim Suriya

-Sd-  
Director  
Farah Qureshi

-Sd-  
Chief Financial Officer  
S. Aamir Hussain

# Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2023

Number of Certificate	Certificate Holdings			Total Certificate Held
	From		To	
724	1	to	100	28,503
828	101	to	500	209,914
370	501	to	1000	277,891
1000	1001	to	5000	1,986,471
167	5001	to	10000	1,216,406
80	10001	to	15000	1,006,216
35	15001	to	20000	618,446
42	20001	to	25000	962,585
23	25001	to	30000	634,839
11	30001	to	35000	357,730
11	35001	to	40000	420,917
5	40001	to	45000	214,506
10	45001	to	50000	478,961
6	50001	to	55000	313,944
2	55001	to	60000	115,131
6	65001	to	70000	400,695
6	70001	to	75000	436,737
1	75001	to	80000	78,500
3	80001	to	85000	248,819
3	85001	to	90000	265,595
2	90001	to	95000	184,765
7	95001	to	100000	692,151
1	100001	to	105000	102,500
3	110001	to	115000	333,263
1	115001	to	120000	120,000
1	125001	to	130000	130,000
1	130001	to	135000	134,410
1	135001	to	140000	139,089
2	150001	to	155000	307,065
1	155001	to	160000	159,054
2	165001	to	170000	336,206
1	185001	to	190000	190,000
2	200001	to	205000	400,140
1	205001	to	210000	208,643
1	225001	to	230000	226,270
1	230001	to	235000	234,000
1	325001	to	330000	328,757
1	335001	to	340000	339,567
1	350001	to	355000	351,912
1	440001	to	445000	441,073
2	450001	to	455000	906,540
1	600001	to	605000	600,104
2	995001	to	1000000	1,996,500
1	1180001	to	1185000	1,185,000
1	1995001	to	2000000	1,999,694
1	2015001	to	2020000	2,015,255
1	4210001	to	4215000	4,212,003
1	6570001	to	6575000	6,573,781
<u>3375</u>				<u>35,120,548</u>



# Categories of Certificate Holders

As at June 30, 2023

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage (%)
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>			
MAJID HASAN	1	4,055	0.01
SHUJA MALIK	1	2,015,255	5.74
<b>Associated Companies, undertakings and related parties</b>			
NIT & ICP	1	5,842	0.02
<b>Banks Development Financial Institutions, Non Banking Financial Financial Institutions.</b>			
	7	7,725	0.02
<b>Insurance Companies</b>			
	1	441,073	1.26
<b>Modarabas and Mutual Funds</b>			
	11	395,582	1.13
<b>General Public</b>			
a. Local	3296	14,723,039	41.92
b. Foreign	16	74,511	0.21
<b>Foreign Companies</b>			
	1	2,863	0.01
<b>Others</b>			
	33	1,315,919	3.75
	<b>3375</b>	<b>35,120,548</b>	<b>100.00</b>

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

# Notice of Annual Review Meeting

Notice is hereby given to the certificate holders of the First UDL Modaraba that the 23rd Annual Review Meeting of the certificate holders will be held at NBFi & Modaraba Association of Pakistan, office # 602, Progressive Centre, 30-A, Block-6 PECHS, Shahrah-e-Faisal, Karachi on Wednesday October 25, 2023 at 10:00 a.m. to transact the following business:

## Ordinary Business

1. To confirm the minutes of last extra ordinary general meeting held on July 14, 2023.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2023 together with the Chairman, Director, Shariah advisor and independent Auditors reports thereon.
3. To inform the certificate-holders regarding appointment of auditors and to fix their remuneration for the year ending June 30, 2024. The present Auditors M/s Grant Thornton Anjum Rehman & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. Upon recommendation from the Audit Committee M/s Grant Thornton Anjum Rehman & Co. Chartered Accountants have been appointed as auditors. (subject to Approval by the Registrar Modaraba)
4. Any other business with the permission of the chair.

## Transfer of Book Closure:

1. The certificate holders whose names appear on the register of certificate holders of FUDLM on the close of business as on October 18, 2023 would be eligible to attend the Annual Review Meeting.
2. The Certificate holders of First UDL Modaraba are notified that the annual financial statements for the year ended June 30, 2023 have been uploaded at company's website <http://www.udl.com.pk>

Karachi  
October 04, 2023

-Sd-  
By Order of the Board  
Syed Aamir Hussain  
Company Secretary

## اطلاع سالانہ جائزہ اجلاس

فرسٹ یوڈی ایل مضاربہ ("ایف یوڈی ایل ایم") کے سرٹیفکیٹ ہولڈرز کو بذریعہ ہذا اطلاع دی جاتی ہے کہ سرٹیفکیٹ ہولڈرز کا ۲۳واں سالانہ جائزہ اجلاس بمقام این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان، دفتر نمبر ۶۰۲، پروگریسیو سینٹر، ۳۰-اے، بلاک-۶، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی میں بروز بدھ ۲۵ اکتوبر ۲۰۲۳ء کو صبح ۱۰:۰۰ بجے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا:

### عمومی کارروائی:

- ۱- ۱۲ جولائی ۲۰۲۳ء کو منعقد کی جانے والی غیر معمولی اجلاس کی کارروائیوں کی توثیق۔
- ۲- ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی حسابات مع ان پریچیزر مین، ڈائریکٹر، شریعہ ایڈوائزر اور انڈیپنڈنٹ آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور انہیں رائج کرنا۔
- ۳- آڈیٹرز کی تقریری کے حوالے سے سرٹیفکیٹ ہولڈرز کو آگاہ کرنا اور ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال کے لئے ان کا معاوضہ مقرر کرنا۔ موجودہ آڈیٹ گرانٹ تھارٹن انجم رحمان اینڈ کوچاٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہل ہونے کی وجہ سے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی کی سفارش پر گرانٹ تھارٹن انجم رحمان اینڈ کوچاٹرڈ اکاؤنٹنٹس کو آڈیٹ مقرر کیا گیا ہے (رجسٹر ارمضاربہ کی اجازت سے مشروط)۔
- ۴- چیئرمین کی اجازت سے مزید نکات پر تبادلہ خیال۔

### کتاب بندش کی منتقلی:

- ۱- سرٹیفکیٹ ہولڈرز جن کے نام ایف یوڈی ایل ایم کے سرٹیفکیٹ ہولڈرز کے رجسٹر میں ۱۱ اکتوبر ۲۰۲۳ء کو کاروبار کے اختتام پر موجود ہونگے، سالانہ جائزہ اجلاس میں شرکت کیلئے اہل ہوں گے۔
- ۲- فرسٹ یوڈی ایل مضاربہ کے سرٹیفکیٹ ہولڈرز کو اطلاع دی جاتی ہے کہ ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال کے لئے سالانہ مالی حسابات کمپنی کی ویب سائٹ <http://www.udl.com.pk> پر اپلوڈ کر دیئے گئے ہیں۔

-Sd-

حسب الحکم بورڈ  
سید عامر حسین  
کمپنی سیکریٹری

کراچی:

۱۰ اکتوبر ۲۰۲۳ء

# FORM OF PROXY

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

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being a member of First UDL Modaraba and holder of \_\_\_\_\_

\_\_\_\_\_ Certificates as per Certificate Register Folio \_\_\_\_\_

(No. of Certificate) \_\_\_\_\_

No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_

And Sub. Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Annual Review Meeting of the Modaraba to be held on October 25, 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 Company, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself /herself is a member of the Modaraba, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Modaraba, all such instruments of proxy shall be rendered invalid.

## For CDC Account Holders / Corporate Entities:

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

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

سیکرٹری  
فرسٹ یوڈی ایل مضاربہ  
فرسٹ فلور، بزنس انکیو،  
12th، 77-C، کمرشل اسٹریٹ، خیابان اتحاد،  
ڈی ایچ اے فیز 2، (Ext.) - کراچی - 75500-

## پراکسی فارم

میں / ہم - برائے - فرسٹ یوڈی ایل مضاربہ کے ممبر (ز) اور - سرٹیفکیٹس کے  
ہولڈر بطور سرٹیفکیٹ رجسٹر فوئیو / CDC اکاؤنٹ نمبر - تقریر کرتا ہوں - فوئیو / CDC اکاؤنٹ نمبر - اور  
اور - شناختی کارڈ / پاسپورٹ نمبر - جس کے ذریعے - فوئیو / CDC  
اکاؤنٹ نمبر - کا شناختی کارڈ / پاسپورٹ نمبر - جو مضاربہ کا ممبر بھی ہے میرے / ہمارے پراکسی کے طور پر مجھے / ہمیں  
سالانہ ریویو میٹنگ جو 25 اکتوبر 2023 منعقد کی جائے گی میں ووٹ ڈالنے کا اہل ہے -

### گواہان:

دستخط  
نام  
ایڈریس  
شناختی کارڈ / پاسپورٹ نمبر

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5 روپے کے ریویو ٹکٹ پر  
دستخط

یہ دستخط مضاربہ کے پاس رجسٹرڈ شدہ  
دستخط چھپی ہوئی چاہیے

### اہم نکات:

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

### برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

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



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