



## FIRST UDL MODARABA

6<sup>th</sup> October' 2023

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchnage Road  
Karachi.

**Subject: CORPORATE BRIEFING SESSION 2022 - 2023**

In Compliance with PSX Notice No. PSX/N-92 dated January 28, 2019 and PSX/N-249 dated March 04, 2019. We would like to inform you that First UDL Modaraba has planned to conduct the Corporate Briefing Session for the Financial Year 2022 - 2023 on Wednesday, October 25, 2023 at 10:30 A.M at NBFi and Modaraba Association of Pakistan Located Office No.602, Progressive Centre, 30-A, Block-6, P.E.C.H.S, Shahrah-e-Faisal Karachi.

Furthermore in accordance with the Pakistan Stock Exchange notice # PSX/N-1160 dated November 18, 2022, the following video link is being provided to join the session:-

Topic : Corporate Briefing Session  
Date : Oct 25, 2023  
Time : 10:30 a.m., Karachi.

### **Join Zoom Meeting**

<https://us05web.zoom.us/j/8449544401?pwd=ngllcNYqilq0ga3xDfIZehWmqVx6jq.1>

Meeting ID : 844 954 4401  
Passcode : udl786

Please find the enclosed presentation on the Corporate Briefing Session for the year 2022 – 2023, which has also been uploaded on the Modaraba website at [www.udl.com.pk](http://www.udl.com.pk).

You may please inform the members of the Exchange accordingly.

Thanks

Syed Aamir Hussain  
Corporate Secretary



# **FIRST UDL MODARABA**

## **CORPORATE BRIEFING SESSION FOR THE YEAR 2022-2023**

**Date : Oct 25,2023**

**Time : 10:30 A.M**

**Join Zoom Meeting**

**<https://us05web.zoom.us/j/8449544401?pwdngllcNYqilq0ga3xDflZehWmqVx6jq.1>**

**Meeting ID : 844 9544 401**

**Pass code : udl786**

# INTRODUCTION

UDL Group began its operations several generations ago in 1887 and became distributors of W.D & H.O. Wills cigarettes in undivided India, to begin with. After partition of the sub-continent, several offices were established in major cities of Pakistan . In the early 90's the ownership and management of the group was divided into two sub-groups, within the family and in 2012 the assets were further divided within the family. Mr. Khalid Malik and his immediate family now has management control of First UDL Modaraba.

First UDL Modaraba (FUDLM) was floated by UDL Modaraba Management (Private) Limited on March 27,1991 under Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980 .

The Modaraba is engaged in providing Islamic financing based on shariah concepts of diminishing musharakah & Ijarah and trading in listed and non-interest bearing securities. Modaraba can undertake virtually any business activity that is not opposed to Shariah.

# FINANCIAL HIGHLIGHTS (RS.IN MILLIONS)

Description	2018	2019	2020	2021	2022	2023
Total Revenue/ Income	75.61	34.46	38.30	<b>72.58</b>	<b>131.99</b>	<b>63.44</b>
Expenses + Management Fee etc	25.22	46.47	41.65	<b>42.93</b>	<b>50.88</b>	<b>59.46</b>
Net Profit /(Loss)Including discontinued Operation	(7.23)	(54.63)	(2.8)	<b>29.65</b>	<b>75.92</b>	<b>(2.29)</b>
EPC/(Loss)	(0.27)	(1.71)	(0.09)	<b>0.84</b>	<b>2.16</b>	<b>(0.07)</b>
Dividend %	10%B	10%B	10%B	<b>11%</b>	<b>19%</b>	<b>-</b>

# 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 9.8 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. 2.4 million, however, after taking into account the taxes, the Modaraba incurred a net loss of Rs. 2.29 million.

# SIGNIFICANT DEVELOPMENTS

During the year the Modaraba was issued a NOC for merger from the SECP after which a merger petition was filed in the High Court for approval of the Scheme of Arrangement between First UDL Modaraba, UDL International Limited and UDL Financial Services Limited. On the orders of the Court, Certificate Holders approval was taken in the Extra Ordinary General Meeting. We expect a favourable judgement in the matter.

# OBJECTIVES OF MERGER

Objectives of the merger and creation of the subsidiary;

1. Companies are provided with more flexible legislative options by incorporating new subsidiaries for new businesses and raise capital from capital markets with ease of managing distinct business divisions independent of one another. Consequently, each business division is capable of addressing independent business opportunities.
2. The management and the board feels that due to the current economic scenario, the considerable loss in the value of Pak rupee, it is prudent to diversify in other business activities, like import and trading of commodities, consumer items, etc.
3. The board and the management feels that the proposed merger would enable maximization of returns for the shareholders as there would be greater focus by specialized professionals on two separate lines of business, i.e. trading and financial activities.

# ROUTE CHOSEN FOR MERGER

1. First UDL Modaraba would merge with and into UDL International Limited.
2. After transferring 100% of its assets to UDL International, the consideration of which shall be settled against issuance of shares of UDL International to the Certificate Holders in a swap ratio of 1:1, the entire undertaking and business, inclusive of all assets, properties, rights and liabilities will be transferred to and stand vested in, and be assumed by UDL International Limited.
3. Resultantly, First UDL Modaraba shall be dissolved and cease to exist without winding up in the manner contemplated under the Scheme of Arrangement.
4. Simultaneously, UDL International shall hive down its Diminishing Musharika portfolio along with certain investments and cash to its wholly owned subsidiary, an Investment Finance Services(IFS) Company, UDL Financial Services Limited. The capital of the subsidiary would be Rs. 225 million.



# FUTURE OUTLOOK

1. With the recent rupee devaluation, it is important for an organization to diversify in businesses that would offset the effects of the devaluation.
2. In the financial sector, the organization does not have any real assets as once the financing period is over, the asset is transferred to the customer. Therefore, diversifying into trading, export, manufacturing, etc. would protect the organization against the devaluation as it will have stock in hand, real fixed assets, etc. instead of cash.

## **PLAN**

1. We are planning on approaching various FMCG companies for import of their products in Pakistan and also trade in local commodities.
2. The financing through Islamic Modes would continue through the subsidiary, UDL Financial.
3. The subsidiary may also be listed on the PSX in the near future, thereby, increasing the size and business of the company.

We believe that the restructured organization will have a bright future, In Sha Allah!



# QUESTION AND ANSWERS



THANK YOU