

QUARTERLY
REPORT

SEPTEMBER 30,
2023



First UDL Modaraba

Corporate Information

Modaraba Management Company	UDL Modaraba Management (Private) Limited	
Board of Directors	Majid Hasan Shuja Malik Farah Qureshi Abdul Rahim Suriya	Chairman (Non Executive Director) Chief Executive Officer Non Executive Director Non Executive Director
Company Secretary	Syed Aamir Hussain	
Audit Committee	Abdul Rahim Suriya Majid Hasan Farah Qureshi	Chairman Member Member
Human Resource & Remuneration Committee	Farah Qureshi Abdul Rahim Suriya Majid Hasan	Chairman Member Member
Auditors	Grant Thornton Anjum Rahman & Co. Chartered Accountants	
Bankers	Albaraka Bank Limited Askari Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Silk Bank Limited	
Registrar	CDC Share Registrar Services Ltd CDC House, Shahra -e-Faisal, Karachi	
Shariah Advisor	Mufti Abdul Qadir	
Legal Advisor	Mohsin Tayebaly & Co. 2nd Floor Dime Centre,BC-4,Block -9, Kehkashan, Clifton, Karachi-75600	
Tax Advisor	Baker Tilly Mehmood Idrees Qamar Chartered Accountants 4th Floor, Central Hotel Building, Civil Lines, Mereweather Road, Karachi	
Associated Company	UDL Pharmaceuticals Pakistan (Pvt) Limited. 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	092 - 21 - 35310561-5	
Fax	092 - 21 - 35310566	
E-Mail	info@udl.com.pk	
Web	www.udl.com.pk	

DIRECTORS' REPORT

The Board of Directors of UDL Modaraba Management (Private) Limited takes pleasure in presenting the un-audited accounts of First UDL Modaraba for the quarter ended September 30, 2023.

REVIEW OF OPERATIONS :

During the period under review, income from operations improved by 36% from Rs. 12.97 million to Rs. 17.62 million. Main reason for the improvement is due to higher dividend income, mostly from investment in Islamic Money Market fund.

The improvement in the capital market has resulted in an unrealized gain of Rs. 1.02 million as compared to Rs. 0.16 million during the same period of last year.

Operating expenses have increased by 46% from Rs.10.66 million to Rs. 15.53 million, mainly due to recording of printing and expenses related to an Extra Ordinary General Meeting (EOGM) conducted on the orders of the High Court of Sindh to seek Certificate Holders approval on the Scheme of Arrangement of Merger. Other reasons include higher salaries and unprecedented inflation in the country due to which the utility charges and other expenses have nearly doubled. Moreover, increase in operating expenses was also due to recording of fees to financial consultants on merger.

Despite higher expenses, the Modaraba posted a profit before taxation of Rs. 2.70 million as compared to Rs. 2.14 million in the same period last year. The net profit has declined to Rs. 0.80 million from Rs. 1.23 million as a result of higher taxation in the current period.

FUTURE OUTLOOK :

The management is hopeful of an improvement in the economic and political situation of the country and expects significant reduction in unrealized losses and capital gains during the current year.

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) and the State Bank of Pakistan (SBP) for their continuous guidance and support.

The Board would also like to thank valued customers and 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

26th October- 2023

**FIRST UDL MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2023**

		(Un-audited) September 30, 2023	Audited June 30, 2023
ASSETS	Note	----- Rupees -----	
NON-CURRENT ASSETS			
Fixed assets - tangible		29,822,122	29,681,466
Intangible assets		684,840	913,121
Long term investments	4	88,428,860	81,902,432
Diminishing Musharakah Financing	5	36,278,306	47,200,834
Long term deposits		1,384,350	1,384,350
		156,598,478	161,082,203
CURRENT ASSETS			
Short term investments	6	272,809,780	246,782,089
Current portion of Diminishing Musharakah Financing	5	40,997,844	41,918,950
Diminishing Musharakah Financing rent receivable		1,071,261	1,165,189
Advances		5,582,700	4,658,595
Taxation - net		17,396,238	17,150,998
Prepayments, deposits and other receivables		6,161,074	4,989,327
Cash and bank balances	7	38,963,976	59,583,194
		382,982,873	376,248,342
TOTAL ASSETS		539,581,351	537,330,545
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital	8	351,205,480	351,205,480
Statutory reserve		192,812,478	192,812,478
Accumulated (loss)/ profit		(702,379)	(1,508,745)
Certificate holders' equity		543,315,580	542,509,214
(Deficit) on revaluation of investments	9	(50,673,898)	(52,379,178)
CURRENT LIABILITIES			
Accrued and other liabilities		17,519,318	17,780,159
Unclaimed profit distributions		29,420,351	29,420,351
		46,939,668	47,200,510
TOTAL EQUITY AND LIABILITIES		539,581,351	537,330,545
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

----- Sd -----	----- Sd -----	----- Sd -----	----- Sd -----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

**FIRST UDL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT-(Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30,2023**

	Note	Quarter ended	
		September 30,2023	September 30,2022
----- Rupees -----			
Income from:			
- Diminishing Musharakah		3,943,574	5,913,840
- Dividend		10,761,566	4,371,499
- Bank balances / TDRs		2,916,812	2,586,213
- Other sources		-	100,000
		17,621,952	12,971,552
Unrealized gain on re-measurement of investments at FVTPL		1,027,690	167,238
		18,649,642	13,138,790
Operating expenses		(15,530,726)	(10,661,680)
Financial charges		(5,452)	(7,215)
		3,113,464	2,469,895
Management Company's remuneration		(311,346)	(246,989)
Sales tax on Management Company's remuneration		(40,475)	(32,109)
Provision for Sindh Workers' Welfare Fund		(55,233)	(43,816)
		(407,054)	(322,914)
Profit before taxation		2,706,410	2,146,981
Taxation		(1,900,044)	(907,290)
Profit after taxation		806,366	1,239,691
Earning per certificate - basic and diluted	11	0.02	0.04

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

----- Sd -----	----- Sd -----	----- Sd -----	----- Sd -----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

**FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME- (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30,2023**

	Quarter ended	
	September 30, 2023	September 30,2022
	----- Rupees -----	
Profit after taxation	806,366	1,239,691
Unrealized Gain/(loss) on re-measurement of investments at FVOCI	1,705,280	(653,459)
Other comprehensive income		
Total comprehensive Income for the period	2,511,646	586,232

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

----- Sd -----	----- Sd -----	----- Sd -----	----- Sd -----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30,2023

	Certificate Capital	Capital Reserve *Statutory Reserve	Revenue Reserve Accumulated (Loss) / Profit	Total Certificate Holders' Equity
	----- Rupees -----			
Balance as at 1 July 2022	351,205,480	192,812,478	32,390,940	576,408,898
Total comprehensive income for the period	-	-	1,239,691	1,239,691
Balance as at September 30,2022	351,205,480	192,812,478	33,630,631	577,648,589
Balance as at 1 July 2023	351,205,480	192,812,478	(1,508,745)	542,509,214
Total comprehensive Income for the period	-	-	806,366	806,366
Balance as at September 30,2023	351,205,480	192,812,478	(702,379)	543,315,580

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

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

----- Sd -----	----- Sd -----	----- Sd -----	----- Sd -----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

**FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOW -(Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30,2023**

	September 30, 2023	September 30,2022
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,706,410	1,239,691
Adjustment of non cash items:		
Depreciation - fixed assets	1,181,344	1,223,769
Amortization of intangible assets	228,281	247,533
Unrealized gain on re-measurement of investments at FVTPL	(1,027,690)	(167,238)
Dividend income	(10,761,566)	(66,820)
Financial charges	5,452	7,215
Operating loss before working capital changes	(10,374,179)	1,244,459
	(7,667,769)	2,484,150
Changes in working capital:		
Decrease / (increase) in current assets		
Diminishing Musharakah financing	11,937,562	9,326,714
Advances	(924,105)	50,078
Prepayments and other receivables	(1,171,747)	24,063,942
	9,841,710	33,440,734
(Decrease) / increase in current liabilities		
Accrued and other liabilities	(260,841)	(9,254,969)
Un claimed profit distribution	-	(3,254)
	(260,841)	(9,258,223)
Tax paid	(2,145,284)	(899,710)
Financial charges paid	(5,452)	(7,215)
Net cash (used in) / generated from operating activities	(237,636)	25,759,736
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,322,000)	(772,000)
Net investments during the year	(29,821,148)	6,832,767
Dividends received	10,761,566	66,820
Net cash (used in)/ generated from investing activities	(20,381,582)	6,127,587
Net increase/ (decrease) in cash and cash equivalents	(20,619,218)	31,887,323
Cash and cash equivalents at the beginning of the period	59,583,194	37,227,000
Cash and cash equivalents at the end of the period	38,963,976	69,114,323

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

----- Sd -----	---- Sd ----	---- Sd ----	---- Sd ----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

**FIRST UDL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 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

Statement of compliance

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

- 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-These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended 30 June 2023.

2.3- The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2023 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2023 whereas the comparative interim profit and loss account, interim statement of comprehensive income, cash flow statement and statement of changes in equity for the three months period ended September 30, 2022 have been extracted from the condensed interim financial information for the three months period ended Sepebmer 30, 2022.

3.ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK POLICIES

The accounting policies, estimates, judgements and financial risk policies used in these condensed interim financial statements are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2023.

FIRST UDL MODARABA
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30,2023

	Note	(Un-audited) September 30,2023	Audited June 30,2023
----- Rupees -----			
4 LONG TERM INVESTMENTS			
Listed Companies -At FVTOCI		<u>88,428,860</u>	<u>81,902,432</u>
5 DIMINISHING MUSHARAKAH FINANCING			
Secured			
Diminishing Musharakah Financing		78,228,384	90,072,018
Provision for ECL		<u>(952,234)</u>	<u>(952,234)</u>
		<u>77,276,150</u>	<u>89,119,784</u>
Less: Current portion		<u>(40,997,844)</u>	<u>(41,918,950)</u>
		<u>36,278,306</u>	<u>47,200,834</u>
6 SHORT TERM INVESTMENTS			
At amortised cost			
Term deposit receipts		75,000,000	50,000,000
At FVTPL			
HBL Islamic Money Market Fund - HBL AMC		180,412,804	180,412,804
Listed securities		<u>17,396,976</u>	<u>16,369,285</u>
		<u>272,809,780</u>	<u>246,782,089</u>
7 CASH AND BANK BALANCES			
Cash in hand		1,150	650
Cash at bank			
- Current accounts		18,557,443	19,088,895
- Profit bearing accounts	7.1	20,405,383	40,493,649
		<u>38,963,976</u>	<u>59,583,194</u>
7.1	These carry profit ranging between 3 % to 7.78% (June 2023: 3% to 7.78%) per annum.		
8 CERTIFICATE CAPITAL			
September 30,2023	June 30,2023		
Number of Certificates			
<u>50,000,000</u>	<u>50,000,000</u>		
		Authorized certificate capital	
		Modaraba certificates of Rupees 10 each	<u>500,000,000</u>
			<u>500,000,000</u>
		Issued, subscribed and paid-up capital	
<u>17,668,885</u>	<u>17,668,885</u>	Modaraba certificates of Rupees 10 each fully paid-up in cash	<u>176,688,850</u>
			<u>176,688,850</u>
<u>17,451,663</u>	<u>17,451,663</u>	Modaraba certificates issued as fully paid-up	<u>174,516,630</u>
			<u>174,516,630</u>
<u>35,120,548</u>	<u>35,120,548</u>		<u>351,205,480</u>
			<u>351,205,480</u>
9 DEFICIT ON REVALUATION OF INVESTMENTS			
Market value of investments		88,428,860	81,902,432
Less: Cost of investments		<u>(139,102,756)</u>	<u>(134,281,609)</u>
		<u>(50,673,898)</u>	<u>(52,379,178)</u>
Opening balance		<u>(52,379,178)</u>	<u>(23,701,850)</u>
Surplus transferred to accumulated profit		-	-
Gain/(Deficit) on revaluation during the period/ year		<u>1,705,281</u>	<u>(28,677,328)</u>
		<u>1,705,281</u>	<u>(28,677,328)</u>
Closing balance		<u>(50,673,898)</u>	<u>(52,379,178)</u>

**FIRST UDL MODARABA
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30,2023**

10 CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of contingencies and commitments as disclosed in the annual financial statements for the year ended 30 June 2023.

11 EARNING PER CERTIFICATE

	Quarter Ended	
	September 30,2023	September 30,2022
	----- Rupees-----	
Profit after taxation	<u>806,366</u>	<u>1,239,691</u>
Weighted average number of ordinary certificates outstanding during the period	<u>35,120,548</u>	<u>35,120,548</u>
Earning per certificate -Basic	<u>0.02</u>	<u>0.04</u>

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

13. DATE OF AUTHORIZATION FOR ISSUE

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

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

----- Sd -----

Chief Executivce Offier

----- Sd -----

Director

----- Sd -----

Director

----- Sd -----

Chief Financial Officer



First UDL Modaraba

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