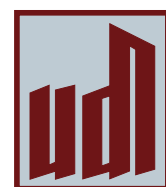


ANNUAL REPORT 2020



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 (Modarib), management, staff and the society at large; through creative, innovative and Shariah compliant products and services aimed at eradicating Riba from the society, employing the highest standards of ethics and fair play.



Corporate Information

MODARABA MANAGEMENT COMPANY

Board of Directors

UDL Modaraba Management (Private) Limited

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

Company Secretary

Syed Aamir Hussain

Audit Committee

Abdul Rahim Suriya Chairman
Majid Hasan Member
Farah Qureshi Member

Human Resource & Remuneration Committee

Majid Hasan Chairman
Farah Qureshi Member
Abdul Rahim Suriya Member

Auditors

Muniff Ziauddin & Co.
Chartered Accountants

Bankers

Albarka Bank Limited
Habib Bank Limited
Dubai Islamic Bank Limited

Registrar

CDC Share Registrar Service Ltd.
Central Depository Company of Pakistan Ltd.
CDC House Shahrah-e-Faisal, Karachi.

Shariah Advisor

Mufti Abdul Qadir

Legal Advisor

Mohsin Tayebaly & Co.
2nd Floor Dime Centre, BC - 4, Block - 9,
Kehkashan, Clifton, Karachi-75600

Tax Advisor

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

Associated Company

UDL Pharmaceuticals Pakistan (Pvt.) Ltd.

Head Office & Registered Office

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

Phone

(92-21) 35310561-5

Fax

(92-21) 35310566

Email

info@udl.com.pk

Web

www.udl.com.pk



Chairmans' Review

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

The last fiscal year is unlike any other, that we have seen or are likely to witness during our lifetimes. In the first half year, there were severe economic challenges while in the second half, Covid-19 along with the economic challenges adversely impacted business activities.

However, by the Grace and Mercy of Allah, the pandemic is currently in control in the country and it is hoped and we pray that it remains this way. The economy has also started to get back on its feet, the rupee is stable, remittances and exports are rising and the stock market is amongst the top performing markets in the world. This gives hope that the future would be much better for the country and your Modaraba as well, In Sha Allah!

The management of the modaraba is currently in the process of liquidating some of its investments which would lead to capital gains, improved cash flows that would ultimately lead to stability and profitability.

-Sd-

Majid Hasan

Chairman

Date: 29th September'2020.



چیرمین کا جائزہ

شروع اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

گزشتہ مالی سال ہماری زندگیوں میں گزرنے والے اور آنے والے برسوں سے مختلف تھا۔ گزشتہ مالی سال کے پہلے چھ ماہ کے دوران معاشی چیلنجوں سے مقابلہ درپیش تھا تو آخری چھ ماہ کے دوران ان معاشی چیلنجوں کے ساتھ کورونا وائرس کی وبا نے ہر ایک کی زندگی کو متاثر کیا۔

تاہم خدا کے فضل سے پاکستان میں کورونا وائرس کی وبا میں کمی واقع ہو رہی ہے اور میں امید کرتا ہوں کہ اس میں کمی کا یہ رجحان برقرار رہے گا۔ معیشت نے بھی اپنے پاؤں پر کھڑا ہونا شروع کر دیا ہے۔ روپے کی قدر مستحکم ہے، ترسیلات زر اور برآمدات میں اضافہ ہو رہا ہے اور ملکی اسٹاک مارکیٹ دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹوں میں شمار ہو رہی ہے۔ یہ صورت حال آگے مالی سال میں ملک اور آپ کے مضرارہ میں بہتری کی امید دلاتی ہے، انشاء اللہ

مضرارہ کی انتظامیہ اس وقت اپنی کچھ سرمایہ کاری کو فروخت کرنے کے مرحلے میں ہے جو سرمائے کے حصول اور کیش فلو کی صورتحال کو بہتر بناتے ہوئے کمپنی کے استحکام اور کمپنی کے منافع بخش بننے کا باعث بنے گا۔

ماجد حسن۔

چیرمین

29 ستمبر 2020



Directors' Report

The Board of Directors of UDL Modaraba Management (Private) Ltd., (the management company of the Modaraba), has pleasure in presenting to the certificate holders, the Annual Report of the Modaraba together with Audited Accounts for the year ended June 30, 2020.

Financial Results

Year ended
30.06.20 Year ended
30.06.19
(Rupees in thousands)

Financial results are summarized as under :

Net (Loss) after tax for the year	(2,801)	(54,629)
Add: Un-appropriate (loss) brought forward	(61,047)	(7,626)
Transfer from Comprehensive Income	736	1,208
Net (loss) and Un-appropriated loss carried forward	(63,112)	(61,047)
Loss per certificate	(0.09)	(1.71)

REVIEW OF OPERATIONS:

During the year, income from operations increased by 11.12% from Rs. 34.46 million to Rs. 38.29 million. Expenses also reduced by 10.38% from Rs. 46.47 million to Rs. 41.65 million. Despite the increase in income and reduction in expenses, the Modaraba incurred a slight loss of Rs. 2.80 million as compared to Rs. 54.62 million in the last fiscal year.

During the year, due to the initial slowdown in the economy and then the Covid-19 pandemic, demand for Ijarah and Diminishing Musharika Financing remained extremely low. However, during the last two months of FY 2020, some improvement was seen in demand and considerable improvements are anticipated in the next fiscal year.

FUTURE OUTLOOK :

The Modaraba taking advantage of the buoyant stock market has liquidated some of its holding, anticipating capital gains with improved cash flow. The cash generated would be used for financing through the DM mode which would lead to a further and steady increase in profitability.

Moreover, the Modaraba is currently negotiating with a potential buyer to dispose-off its surplus land, building, plant and machinery at Port Qasim, and, if it materializes, would also result in capital gain and cash for the Modaraba, which would be injected to further boost its core business of Islamic financing.



Directors' Report

Profit Distribution

The Board of Directors has approved to issue bonus certificates in the proportion of 01 certificates for every 10 certificates held i.e. 10% for the year ended June 30, 2020.

Shariah Compliance and Audit Mechanism

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

Corporate Governance:

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

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

Audit Committee:

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

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

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



Directors' Report

Attendance of Board Meetings:

During the year under review, four 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	4	4	-
2)	Ms. Farah Qureshi	4	4	-
3)	Mr. Shuja Malik	4	4	-
4)	Mr. Abdul Rahim Suriya	4	4	-

Pattern of Certificate holding:

A Statement showing Pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2020 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, 2020, have been duly complied. The auditors review report is annexed herewith.

Auditors

The present auditors M/s Muniff Ziauddin & Co, Chartered Accountants are due for retirement and are non-eligible for re-appointment for having remained auditors for five consecutive years. Upon recommendation of Audit Committee M/s Grant Thornton Anjum Rahman & Co. Chartered Accountants have been appointed as auditors for the year 2020-2021. (subject to approval by the Registrar Modaraba).

Acknowledgement:

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

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

For and on Behalf of the Board

-Sd-

Shuja Malik
Chief Executive
Date: 29th September'2020.



ڈائریکٹرز رپورٹ

یو ڈی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (مضاربہ کی مینجمنٹ کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے سٹوکیٹ ہولڈرز کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش خدمت ہیں۔

اختتام سال	اختتام سال	مالی نتائج
30-6-2019	30-6-2020	مالی نتائج کی سمری
(روپیہ ہزاروں میں)		بعد از ٹیکس خسارہ
(54,629)	(2,801)	اضافہ
(7,626)	(61,047)	سابقہ خسارہ
1,208	736	جامع انکم سے ٹرانسفر
(61,047)	(63,112)	خالص اور سابقہ خسارہ
(1.71)	(0.09)	فی سٹوکیٹ خسارہ

آپریٹنرز کا جائزہ

زیر جائزہ مالی سال میں آپریٹنرز سے آمدن میں 11.12 فیصد اضافہ ہوا جو 34.46 ملین روپے سے 38.29 ملین روپے تک بڑھ گئی۔ اخراجات میں 10.38 فیصد کمی ہوئی جو 46.47 ملین روپے سے 41.65 ملین روپے کی سطح تک آگئے۔ آمدن میں اضافے اور اخراجات میں کمی کے باوجود مضاربہ نے 2.80 ملین روپے کا معمولی خسارہ ریکارڈ کیا جو گزشتہ مالی سال میں 54.62 ملین روپے رہا۔

زیر جائزہ مالی سال میں ابتدائی طور پر معیشت کی سست روی اور پھر کورونا وائرس کی وبا کے باعث اجارہ اور ڈی منٹنگ مشارک فنانسنگ کی طلب میں بہت زیادہ کمی رہی۔ تاہم مالی سال کے آخری دو مہینوں میں طلب میں اضافہ دیکھنے میں آیا اور انتظامیہ اگلے مالی سال میں مضاربہ کے منافع بخش ہونے کی توقع رکھتی ہے۔ مضاربہ میں پہلے سے ہی اسٹاک مارکیٹ میں تیزی کا فائدہ اٹھانا شروع کر دیا ہے اور اپنے اسٹاک کو فروخت کرنے کا کام شروع کر دیا ہے



ڈائریکٹرز رپورٹ

جو سرمائے کے حصول اور کیش فلو کی صورتحال کو بہتر بنائے گا۔ حاصل ہونے والے کیش کو ڈی ایم طریقہ کار کے ذریعے فنڈنگ کے لیے استعمال کیا جائے گا جو منافع میں بتدریج اضافے کا باعث بنے گا۔ مزید برآں، مضاربہ پورٹ قاسم میں اپنی زمین، عمارت، پلانٹ اور مشینری کی فروخت کے لیے ایک کمپنی کے ساتھ مذاکرات میں مصروف ہے جو اس کے لیے سرمائے کے حصول اور کیش میں اضافے کا سبب بنے گا جو اس کے بنیادی اسلامی مالیات کے کاروبار کے لیے استعمال ہوگا۔ انتظامیہ اگلے مالی سال میں مضاربہ معقول منافع کمانے میں کامیاب ہوگی اور کیش کے فراہمی سے اگلے برسوں میں بھی اس کے منافع بخش رہنے کی توقع کرتی ہے۔

تقسیم منافع

بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے 10 فی صد کی شرح سے یعنی ہر 10 سرٹیفکیٹس کے لیے 1 پونے سرٹیفکیٹ جاری کرنے کی منظوری دی ہے

شرعیہ مطابقت اور طریقہ آڈٹ

مضاربہ کے قوانین، قواعد اور ضوابط اور مزید پراسپیکٹس میں درج کے تحت آپ کی مضاربہ نے شریعہ کے رہنما اصولوں اور آڈٹ کے طریقہ کار جس کی اس رپورٹ میں ہمارے شریعہ ایڈوائزر نے تصدیق کی ہے اس پر عمل پیرا ہونے کی ہر ممکن کوشش کی ہے۔

کارپوریٹ گورننس

مضاربہ نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے کارپوریٹ گورننس کے ضابطے کے سارے پہلوؤں پر عملدرآمد کیا ہے۔ مضاربہ کی انتظامیہ کی جانب سے پیش کی جانے والے مالیاتی گوشوارے حالات کی صحیح صورت حال، آپریشنز کے نتائج، کیش فلو اور اکیوٹیٹی میں تبدیلیوں کو پیش کرتے ہیں

۔ مضاربہ کے اکاؤنٹس کی مناسب بکس برقرار رکھی ہیں

ڈائریکٹرز رپورٹ

- اکاؤنٹنگ کی صحیح پالیسیوں پر مالیاتی گوشواروں کی تیاری میں عمل درآمد کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور متناظر فیصلوں پر کیے گئے۔
 - مضاربہ پر اطلاق ہونے والے بین الاقوامی اکاؤنٹنگ کے معیارات کو مالیاتی گوشواروں کی تیاری کے لیے استعمال کیا گیا۔
 - انٹرنل کنٹرول کا محفوظ نظام ہے جسے مؤثر طور پر نافذ کیا گیا ہے اور مانیتزر کیا گیا ہے۔
 - مضاربہ کا ایک فروغ پذیر کمپنی کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
 - لسٹنگ ریگولیشنز میں درج بہترین پریکٹسز اور کارپوریٹ گورننس سے انحراف نہیں کیا جاتا۔
 - ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس افسر، کمپنی سیکرٹری اور ان کی/ان کے شریک حیات اور بچوں کی جانب سے کمپنی کے شیئرز میں ٹریڈنگ کی صورت میں پاکستان اسٹاک ایکسچینج کو بروقت مطلع کیا جاتا ہے۔

آڈٹ کمیٹی

زیر جائزہ مالی سال میں کمیٹی کے اجلاس منعقد ہوئے اور کمیٹی میں شامل درج ذیل اراکین نے ان میں شرکت کی

1. اے رحیم سوریہ _____ چیئر مین
2. ماجد حسن _____ رکن
3. فرح قریشی _____ رکن
4. اقبال احمد _____ رکن

چیف فنانشل آفیسر اور انٹرنل آڈیٹر نے کارپوریٹ گورننس کی شرائط کے تحت ان اجلاسوں کی شرکت کی۔

بورڈ کے اجلاسوں میں شرکت

زیر جائزہ مالی سال میں بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے جن میں درج ذیل ڈائریکٹرز نے شرکت کی

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



ڈائریکٹرز رپورٹ

سرٹیفکیٹ ہولڈنگ کا پیٹرن

30 جون 2020 تک مضاربہ کی سرٹیفکیٹ ہولڈنگ کے پیٹرن کا گوشوارہ اور اضافی معلومات اس رپورٹ میں شامل ہیں

بہترین پریکٹس سے مطابقت کی اسٹیٹمنٹ

بورڈ یہ بیان کرتے ہوئے مسرت کا اظہار کرتا ہے کہ 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے ضوابط پر عملدرآمد کیا گیا ہے۔ آڈیٹر جائزہ رپورٹ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز معصف ضیاء الدین اینڈ کوچا رٹڈ اکاؤنٹنٹس اپنی ذمہ داری سے سبکدوش ہو رہے ہیں اور مسلسل پانچ سال تک آڈیٹرز رہنے کی وجہ سے مزید ذمہ داری کے اہل نہیں ہیں۔

آڈٹ کمیٹی گرانٹ تھارٹن انجم رحمان اینڈ کوچا رٹڈ اکاؤنٹنٹس کو سال 2020-21 کے لیے آڈیٹرز مقرر کرنے کی سفارش کرتی ہے جس سے بورڈ نے بھی اتفاق کیا ہے۔ (رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے)

اعتراف

بورڈ رجسٹرڈ مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دوسرے افسران اور اسٹیٹ بینک آف پاکستان کا ان کی متواتر رہنمائی اور تعاون کا شکر گزار ہے۔

بورڈ اپنے سرٹیفکیٹ ہولڈرز کا بھی مضاربہ پر اعتماد اور یقین کرنے پر شکریہ ادا کرتا ہے اور انتظامیہ اور اسٹاف کے عزم اور حوصلے پر بھی ان کا مشکور ہے۔

آپ کا خیر خواہ

شجاع مالک -

چیف ایکزیکیٹو

29 ستمبر 2020



Six Years Financials

Balance Sheet Summary

(Rs. in million)

Year Ended June 30,	2015	2016	2017	2018	2019	2020
			— Restated —			
EQUITY						
Issued, subscribed & paid up capital	263.87	263.87	263.87	263.87	290.25	319.28
Statutory Reserve	245.66	252.53	259.03	259.03	232.65	203.63
Revenue Reserve and unappropriate profit	121.20	126.63	30.74	(7.63)	(61.05)	(63.11)
Total Equity	<u>630.73</u>	<u>643.03</u>	<u>466.507</u>	<u>515.28</u>	<u>461.86</u>	<u>459.79</u>
(Deficit) / surplus on revaluation of investments	-	-	167.14	70.81	(24.43)	22.72
LIABILITIES						
Customer Security Deposit	42.31	33.704	19.221	10.310	11.09	10.31
Other Deferred Liabilities	104.01	104.01	-	-	-	-
Current Liabilities						
Current maturity of Long term Security Deposit	36.47	44.254	23.208	14.390	5.494	6.57
Other Current Liabilities	53.931	55.371	93.964	83.535	37.927	36.405
Total Liabilities	236.721	237.339	136.394	108.237	54.51	50.04
Total Equity & Liabilities	<u>867.458</u>	<u>880.369</u>	<u>857.182</u>	<u>694.327</u>	<u>491.938</u>	<u>532.543</u>
ASSETS						
Investment property	-	-	-	-	73.92	70.697
Intangible Assets	2.38	2.089	1.79	2.10	4.80	3.81
Assets Leased Out	207.94	219.812	136.057	69.027	23.925	12.112
Assets in own use - Tangible	184.795	170.430	174.874	178.155	98.813	91.125
Long Term Investment	233.63	224.35	300.97	202.366	168.84	214.847
Other Long Term Assets	0.14	0.877	0.90	2.83	1.37	1.35
Capital Work in Progress	-	5.960	-	-	-	-
Diminishing Musharka Financing	-	-	39.280	32.843	39.46	41.962
	<u>628.258</u>	<u>623.526</u>	<u>653.873</u>	<u>487.311</u>	<u>411.128</u>	<u>435.908</u>
Current Assets						
Stock	18.952	21.952	26.438	42.598	-	-
Musharka	0.500	0.500	-	-	-	-
Short Term Investments	40.245	42.858	33.179	39.966	15.497	9.679
Other Current Assets	86.112	43.12	52.103	68.591	38.46	19.954
Cash & Bank Balances	93.391	148.389	91.589	55.860	25.81	67.000
Total Current Assets	<u>239.200</u>	<u>256.852</u>	<u>203.309</u>	<u>207.015</u>	<u>80.809</u>	<u>96.634</u>
Total Assets	<u>867.458</u>	<u>880.369</u>	<u>857.182</u>	<u>694.327</u>	<u>491.937</u>	<u>532.543</u>



Income Statement Highlights

(Rs. in million)

Year Ended June 30,	2015	2016	2017	2018	2019	2020
			— Restated —			
Lease	26.55	20.15	23.23	18.766	8.12	2.83
Musharika	3.93	4.00	3.50	-	-	-
Diminishing Musharaka	-	-	2.77	7.534	9.08	9.87
Capital Gain on Investment	61.77	82.89	34.49	47.843	4.42	4.32
Sales - Pharma	22.64	61.91	145.42	-	-	-
Rental property	-	-	-	-	10.00	12.50
Other	10.48	6.17	15.75	1.469	2.85	8.76
Total Income	125.37	175.13	225.16	75.612	34.46	38.29
EXPENSES						
Operating	48.622	48.15	53.30	22.57	44.00	41.001
Cost of goods sold - Pharma	45.15	71.05	100.46	-	-	-
Selling & distribution	31.76	22.72	77.21	-	-	-
Financial	0.10	0.13	0.11	2.65	2.47	0.65
Total Expenses	125.632	142.08	231.09	25.22	46.47	41.65
Share of Profit from Associates	12.60	-	-	-	-	-
Unrealized gain on investments	1.84	6.44	(5.36)	(2.622)	(3.35)	0.56
Gain on settlement of liability	-	-	51.58	-	-	-
Profit / (Loss) before Management Fee	169.77	39.49	40.29	47.77	(15.356)	(2.80)
Less:- Management Fee & Other	20.03	5.16	7.76	-	-	-
Profit before Taxation	149.74	34.33	32.53	47.77	(15.356)	(2.80)
Less:- Taxation	-	-	-	(0.76)	(0.38)	-
Loss after taxation from discontinued operation	-	-	-	(54.24)	(38.89)	-
Net Profit / (Loss)	149.74	34.33	32.53	(7.232)	(54.63)	(2.80)
APPROPRIATIONS						
Cash Dividend	65.96	26.38	29.03	-	-	-
Stock Dividend	-	-	-	10%	10%	10%
Statutory Reserve	29.94	6.87	6.51	-	(26.39)	(29.03)
Break-up value per Certificates (Rs.)	23.90	24.36	20.98	19.53	14.47	14.40
Market Price on 30th June (Rs.)	24.78	19.50	37.70	18.65	6.24	6.99
Dividend per Certificate (Rs.)	4.50	1.00	1.10	-	-	-
Earning Per Certificate (Rs.)	5.67	1.30	1.23	(0.25)	(1.71)	(0.09)
Current Ratio (X)	2.64	2.50	1.74	2.11	1.88	2.25
Net Profit margin (%)	65.39	19.60	14.45	(3.10)	(158.51)	(7.31%)
Return on Equity (%)	23.74	5.40	4.51	(1)	(11.83)	(0.61%)
Return on Investment (%)	84.66	33.43	8.72	18.66	0.61	2.2
Dividend Payout (%)	79.36	76.85	89.22	-	-	-



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with Listed Companies (Code of Corporate Governance) Regulations, 2017. Regardless of the fact that UDL Modaraba Management Limited, the Management Company of First UDL Modaraba ('the Modaraba'), is an unlisted public limited company, the Board of Directors of the Management Company are pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba). UDL Modaraba Management Limited ('the Management Company') has complied with the requirements of the Regulations in the following manner:

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

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

2. The Composition of board is as follows:

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

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including the Management Company.
- 4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board of Directors of the Management Company / certificate holders of the Modaraba, (wherever applicable), as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. All directors are compliant with necessary requirements of Directors Training Certification.



10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee:

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

HR and Remuneration Committee:

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The quarterly meetings of the committee were as per following:
 - a) Audit Committee 4 Meetings
 - b) HR and Remuneration Committee 4 Meetings
15. The board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Modaraba Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

-Sd-

Shuja Malik
Chief Executive Officer
Karachi: 29th September, 2020



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 of UDL Modaraba Management (Private) Limited, the Management Company of First UDL Modaraba for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2020.

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-Sd-

Muniff Ziauddin & Co.
Chartered Accountants
Karachi

Date: 29th Sep, 2020



INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First UDL Modaraba** (the Modaraba) as at **June 30, 2020** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

a) In our opinion, proper books of account have been kept by the Modaraba Company in respect of First UDL Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;

b) In our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Modaraba's business and

iii) the business conducted, investment made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

c) In our opinion and to the best of our information and according to explanations given to



us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2020 and of the loss, its cash flows and changes in equity for the year then ended; and

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

-Sd-

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Sohail Saleem)

M7

KARACHI

Date: 29th Sep, 2020



Mufti Abdul Qadir

Shariah Advisor

Shahadatu Tahfeez-ul-Quran
Shahadat-ul-Aalamiyyah
Shahadat-ul-Takhasus fil Fiqh wal Ifta

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

Ref: ASRR-20

Date: 29-09-2020

Annual Shari'ah Review Report of First UDL Modaraba (FUDLM) For the year ended June 30, 2020

In the name of Allah, The Most Beneficent, The Most Merciful,

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

I have conducted the Shari'ah review of First UDL Modaraba managed by UDL Modaraba Management (Private) Limited, the Modaraba Management Company for the year ended June 30, 2020 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

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

Training and Development:

The key staff of the FUDLM is fully equipped with Islamic finance tools and industry requirements through training and workshops. Further, the staff attended the following training programs;

- a) 21st MAP Convention Challenging Times, Winning Strategies.
- b) Anti-Money Laundering & Combating the Financing of Terrorism Regulations.
- c) Workshop on Risk Management.
- iii. The agreements entered into by the Modaraba are Shar'iah 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

Abdul Qadir



Charity:

An amount of Rs.707,940/- was collected on account of non-timely payments by customers and the full amount is paid on account of charity with the approval of concerned Shari'ah Advisor.

Observations:

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

1. As regards to the investment in shares and securities, it has been confirmed that First UDL Modaraba has only Shari'ah Compliant Shares in its portfolio, except the shares of the companies turned non Shari'ah Compliant as per last accounts due to non compliance with screening criteria. The management has confirmed that all non-Shariah compliant shares would be disposed-off in the subsequent months.
2. It has been noticed that all the surplus funds in the Modaraba are always and invariably placed with Islamic Banking Institutions.
3. As regards insurance coverage facility, it has been noticed that the Modaraba has availed entire insurance coverage from renowned Takaful companies or from Islamic Windows of conventional insurance companies.

Recommendations:

1. Non Shari'ah compliant Shares should be disposed off as early as possible.
2. The management should continue its endeavor to comply with the rulings of Shari'ah in its business operations and future transactions.

Conclusion:

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

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

Signature

Mufti Abdul Qadir
Shari'ah Advisor

Dated: September 29, 2020.





FINANCIAL STATEMENTS

for the year ended June 30, 2020



Balance Sheet

as at June 30, 2020

	Note	Restated		
		2020	2019	2018
		Rupees		
ASSETS				
Non-current assets				
Fixed assets - tangible	6	103,237,878	122,738,772	247,181,293
Capital work in process		-	-	300,000
Investment property	7	70,696,842	73,922,539	-
Intangibles assets	8	3,808,750	4,796,875	2,095,250
Long term investments	9	214,847,570	168,842,480	202,366,014
Diminishing Musharaka financing	10	41,962,848	39,460,091	32,843,265
Long term deposits	11	1,354,350	1,367,350	2,525,750
Total non-current assets		435,908,240	411,128,107	487,311,572
Current assets				
Ijarah rental receivables	12	1,143,002	601,977	721,928
Stock in trade		-	-	42,598,618
Trade debts	13	-	1,694,374	25,013,246
Diminishing Musharaka financing - current portion	10	3,277,233	23,381,616	19,718,751
Diminishing Musharaka financing - Receivable		926,161	902,296	356,749
Investments	14	9,679,886	15,497,829	39,966,822
Advances	15	10,436,859	8,949,112	17,137,822
Prepayments and other receivables	16	4,170,528	3,965,580	5,641,594
Cash and bank balances	17	67,000,659	25,816,921	55,860,220
Total current assets		96,634,330	80,809,704	207,015,750
Total assets		532,542,570	491,937,812	694,327,323
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorized certificate capital 50,000,000 (June 30, 2019: 50,000,000) certificates of Rs.10 each		500,000,000	500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital	18	319,277,710	290,252,470	263,865,890
Statutory reserves	19	203,625,566	232,650,807	259,037,387
Accumulated loss		(63,112,864)	(61,047,754)	(7,626,576)
Certificate holders' equity		459,790,413	461,855,522	515,276,701
Surplus/(deficit) on revaluation of investments	20	22,715,042	(24,432,463)	70,813,523
Non-current Liabilities				
Long term security deposits	21	7,058,520	9,525,320	10,310,476
Diminishing Musharaka	22	-	1,567,704	-
Total non-current liabilities		7,058,520	11,093,024	10,310,476
Current Liabilities				
Current portion of security deposits	21	6,572,950	5,494,124	14,390,692
Current portion of diminishing Musharaka	22	1,567,704	2,687,448	-
Trade creditors		-	92,434	3,036,717
Tijarah financing		-	-	30,000,000
Accrued and other liabilities	23	9,599,249	8,876,566	23,395,395
Unclaimed profit distributions	24	25,238,691	26,271,156	27,103,819
Total current liabilities		42,978,594	43,421,729	97,926,623
Total liabilities and equity		532,542,570	491,937,812	694,327,323
CONTINGENCIES AND COMMITMENTS				
	25			

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

For UDL Modaraba Management (Private) Limited
(Management Company)-Sd-
Chief Financial Officer
S. Aamir Hussain-Sd-
Chief Executive
Shuja Malik-Sd-
Director
Farah Qureshi-Sd-
Director
A. Rahim Suriya



Profit & Loss Account

for the year ended June 30, 2020

	Note	← 2020 Rupees →	← 2019 Rupees →
Revenue from:			
- Ijarah operations	26	2,838,261	8,117,867
- Diminishing Musharaka		9,873,293	9,076,594
- Investments	27	4,320,189	4,418,132
- Rental property	28	12,500,000	10,000,000
- Other sources	29	8,763,897	2,851,830
		38,295,641	34,464,423
Expenses			
Operating expenses	30	41,000,359	44,000,752
Financial charges	31	653,426	2,473,157
		41,653,785	46,473,909
Operating Loss		(3,358,145)	(12,009,487)
Unrealized gain/ (loss) on re-measurement of investments at fair value through profit or loss		557,519	(3,346,838)
(Loss) before tax		(2,800,625)	(15,356,325)
Provision for taxation	32	-	(382,329)
(Loss) after taxation from continuing operations		(2,800,625)	(15,738,654)
Loss after taxation from discontinued operation	33	-	(38,891,278)
Modaraba management company's remuneration		-	-
Services sales tax on management company's remuneration		-	-
(Loss) after taxation		(2,800,625)	(54,629,932)
(Loss) per certificate - basic and diluted	34		Restated
(Loss) per certificate from continuing operations		(0.09)	(0.49)
(Loss) per certificate from discontinued operations		-	(1.22)
(Loss) per certificate net - basic and diluted		(0.09)	(1.71)

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

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Farah Qureshi

-Sd-
Director
A. Rahim Suriya



Statement of Comprehensive Income

for the year ended June 30, 2020

	← 2020	2019 →
	Rupees	
Loss after taxation	(2,800,625)	(54,629,932)
Components of other comprehensive income reflected below equity		
Items that will not be reclassified subsequently to profit and loss account		
Unrealized gain/ (loss) on re-measurement of equity investment classified as fair value through OCI - net	47,147,506	(95,245,987)
Total comprehensive Income / (loss)	<u>44,346,880</u>	<u>(149,875,919)</u>

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

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

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Farah Qureshi

-Sd-
Director
A. Rahim Suriya



Cash Flow Statement

for the year ended June 30, 2020

Note	2020	2019
	← Rupees →	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(2,800,625)	(53,526,288)
Adjustment of non cash items:		
Depreciation on own assets		
Amortization of Intangible asset	6 6,970,049	12,453,243
Depreciation on Investment property	8 988,125	75,000
Unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss	7 3,702,082	3,422,523
Depreciation on assets leased out under Ijarah	(557,519)	3,346,838
Gain on sale of investments	6 8,624,948	22,727,742
Gain on sale of fixed assets	27 (1,397,483)	(1,944,776)
- own assets		
- assets leased out under Ijarah	29 (1,262,853)	(773,141)
Dividend income	26 (144,512)	(651,785)
Financial charges	27 (2,922,707)	(2,473,356)
Operating profit before working capital changes	31 653,426	2,473,157
	11,852,931	(14,870,841)
Changes in working capital:		
(Increase) / decrease in current assets		
Ijarah rental receivables	(541,025)	119,951
Stock-in-trade	-	42,598,618
Trade debts	1,694,374	23,318,872
Diminishing Musharaka financing - current portion	20,080,518	(4,208,413)
Diminishing Musharaka financing	(2,502,757)	(6,616,826)
Advances	(1,487,748)	7,085,067
Prepayments & other receivables	(204,949)	1,676,015
	17,038,413	63,973,284
Increase / (decrease) in current liabilities		
Trade Creditors	(92,434)	(2,944,283)
Tijarah financing	-	(30,000,000)
Security deposits	1,078,826	(8,896,568)
Accrued and other liabilities	722,683	(14,518,828)
Unclaimed profit distributions	(1,032,466)	(832,663)
	676,609	(57,192,342)
Financial charges paid	(653,426)	(2,473,157)
Net cash used in operating activities	28,914,527	(10,563,056)



Cash Flow Statement

for the year ended June 30, 2020

Note	2020	2019
	← Rupees →	
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
- own assets	(939,320)	(17,102,548)
- Investment property	(476,385)	(800,000)
- assets leased out under Ijarah	-	(4,528,400)
Purchase of intangible assets	-	(4,565,625)
Capital work in process	-	300,000
Write-off pharma Product name	-	1,789,000
Investments in shares-net	4,275,976	(37,446,768)
Proceeds from sale of fixed assets		
- own assets	2,920,000	10,920,599
- assets leased out under Ijarah	3,332,583	27,553,374
Proceeds from sale of intangible assets	-	(2,701,625)
Dividends received	2,922,707	2,473,356
Net cash (used in) / generated from investing activities	12,035,562	(24,108,637)
CASH FLOW FROM FINANCING ACTIVITIES		
Diminishing Musharaka financing	2,687,448	4,255,152
long term deposits	13,000	1,158,400
Long-term security deposits	(2,466,800)	(785,156)
Net cash generated from financing activities	233,648	4,628,396
Net increase/(decrease) in cash and cash equivalents	41,183,737	(30,043,298)
Cash and cash equivalents at the beginning of the year	25,816,921	55,860,220
Cash and cash equivalents at the end of the year	67,000,659	25,816,921
17		

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

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Farah Qureshi

-Sd-
Director
A. Rahim Suriya



Statement of Changes in Equity

for the year ended June 30, 2020

	Certificate Capital	Capital Reserve *Statutory Reserve	Revenue Reserve Accumulated (Loss) / Profit	Total Certificate Holders' Equity
	← Rupees →			
Balance as at June 30, 2018- (Previously reported)	263,865,890	259,037,387	(5,514,600)	517,388,676
Correction of error (note-5.3)	-	-	(2,111,976)	(2,111,976)
Balance as at June 30, 2018- (Restated)	263,865,890	259,037,387	(7,626,576)	515,276,700
Correction of error (note-5.3)	-	-	(540,000)	(540,000)
Total comprehensive loss for the year ended June 30, 2019:				
Loss for the year	-	-	(54,089,932)	(54,089,932)
Other comprehensive income	-	-	-	-
Transferred from other comprehensive income	-	-	(54,089,932)	(54,089,932)
Transfer to statutory reserve	-	-	1,208,754	1,208,754
Transactions with certificate holders of the Modaraba				
Bonus shares issued for the year ended June 30, 2018 (10%)	26,386,580	(26,386,580)	-	-
Balance as at June 30, 2019- (Restated)	290,252,470	232,650,807	(61,047,754)	461,855,522
Total comprehensive loss for the year ended June 30, 2020:				
Loss for the year	-	-	(2,800,625)	(2,800,625)
Other comprehensive income	-	-	-	-
Transferred from other comprehensive income	-	-	(2,800,625)	(2,800,625)
Transfer to statutory reserve	-	-	735,516	735,516
Transactions with certificate holders of the Modaraba				
Bonus shares issued for the year ended June 30, 2019 (10%)	29,025,240	(29,025,240)	-	-
Balance as at June 30, 2020	319,277,710	203,625,566	(63,112,864)	459,790,413

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

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

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Farah Qureshi

-Sd-
Director
A. Rahim Suriya



Notes to the Financial Statements

for the year ended June 30, 2020

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

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

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

Particulars of company's immovable fixed assets, including location and area of land are as follows:

Location	Acre	Address
Karachi	one	Plot No. E-45, North Western Industrial Zone, Bin Qasim, Karachi
Karachi	one	Plot No. E-44, North Western Industrial Zone, Bin Qasim, Karachi

- 1.2 The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;

Provisions of and directions issued under the Companies Act 2017;

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

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

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

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



Notes to the Financial Statements

for the year ended June 30, 2020

2.2 BASIS OF MEASUREMENT

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

Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharaka profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (Rs./Rupees) which is the Modaraba's functional currency. Amounts presented in the Financial statements have been rounded off to the nearest of Rs. /Rupees, unless otherwise stated.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS ADOPTED BY THE MODARABA DURING THE CURRENT PERIOD

The Company has adopted the accounting standard which became effective for the current year, these standards did not have any material effect on these financial statements except for the following:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017, and the amendments and interpretations there to will be effective for accounting periods beginning on or after July 1, 2019:

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The Modaraba has adopted IFRS 16 with effect from July 1, 2019. However, there is no impact on these financial statements as a result of adoption of IFRS 16 as the leases are either of short term or low value.

There are other certain new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are therefore not detailed in these financial statements

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modarabas accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



Notes to the Financial Statements

for the year ended June 30, 2020

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

	Note
- Useful lives, residual values and depreciable methods of depreciable assets	5.1
- Useful lives, residual values and depreciable methods of investment property	5.2
- Useful lives, residual values and amortization methods of intangible assets	5.4
- Provision for income taxes	5.9
- Retirement benefits- Staff provident fund	5.10
- Provision against Ijarah and Musharaka receivables	5.7
- Impairment of assets	5.19

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Fixed assets - tangible

5.1.1 Assets in own use and depreciation

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

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

Depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal.

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

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

5.1.2 Assets leased out under Ijarah and depreciation

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

5.2 Investment property

Investment properties comprise of buildings that are held for rental yields. Investment properties is initially measured at cost and subsequently carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated using a reducing balance method at the rate mentioned in note 7. The residual values, useful lives and depreciation method of investment properties are reviewed on a regular basis. The effect of any changes in estimates are accounted for on prospective basis.

5.2.1 Change in estimates

During the year, the Modaraba conducted an operational efficiency review of its investment property, which resulted an increase in its expected life. As a result, the expected useful life of the investment property increased. The effect of these changes on actual and expected depreciation expense are as follows.



Notes to the Financial Statements

for the year ended June 30, 2020

	2020	2021	2022	2023	2024	Later
(Decrease) / Increase in Depreciation expense	(3,704,066)	(3,164,336)	(2,671,166)	(2,236,149)	(1,853,029)	(13,628,745)

5.3 Correction of error

During the year, the Modaraba discovered that depreciation expense on Ijarah assets had been erroneously understated in its financial statements since 2018. As a consequence, depreciation expense and the related assets have been understated/overstated respectively. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarize the impacts on the financial statements.

Balance sheet (extract)	June 30, 2018	(Decrease)	June 30, 2018	June 30, 2019	(Decrease)	June 30, 2019
	Previously stated		Restated	Previously stated		Restated
Ijarah Assets	71,138,089	(2,111,976)	69,026,113	26,577,154	(2,651,976)	23,925,178
Unappropriated profit	(5,514,600)	(2,111,976)	(7,626,576)	(58,395,778)	(2,651,976)	(61,047,754)

Statement of profit or loss (extract)	June 30, 2018	(Decrease)	June 30, 2018	June 30, 2019	(Decrease)	June 30, 2019
	Previously stated		Restated	Previously stated		Restated
Income from Ijarah operations	18,766,112	(2,111,976)	16,654,136	8,657,867	(540,000)	8,117,867

5.4 Intangible assets

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the software. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in note 8 to the financial statements. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

5.5 Capital work in progress

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

5.6 Financial instruments

Initial recognition and measurement

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

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



Notes to the Financial Statements

for the year ended June 30, 2020

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

Financial assets

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

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

Financial assets measured at amortized cost

A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Modaraba includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured at fair value through profit or loss

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

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

Financial assets measured at fair value through OCI

Debt instrument

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

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

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

Equity instrument

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

Gains and losses on these financial assets are never recycled to profit and loss account. Dividends are recognized as other income in the statement of profit and loss account when the right of



Notes to the Financial Statements

for the year ended June 30, 2020

payment has been established, except when the Modaraba benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment

Financial liabilities

Financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed on profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Derecognition

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

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

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

Offsetting of financial assets and financial liabilities

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

5.7 Lease financing installments and Diminishing Musharaka financing

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

5.8 Revenue recognition

According to the core principle of IFRS 15, the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the entity satisfies a performance obligation

The Modaraba recognizes revenue and other income on the following basis:

- Return on investment and deposits with banks are recognized on an accrual basis.
- Ijarah / lease rental income is recognized on an accrual basis.
- Income on diminishing Musharaka financing is recognized on accrual basis.



Notes to the Financial Statements

for the year ended June 30, 2020

- Rental income from investment property is recognized on a straight line basis over the term of the lease.
- Dividend income is recognized when the right to receive the payment is established.
- Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

5.9 Taxation

5.9.1 Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders.

5.9.2 Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

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

5.10 Retirement benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Modaraba operates a defined contribution plan in the form of recognized provident fund scheme for all eligible employees. Contributions to fund are made monthly by the Modaraba and employee at the of 10% of the basic salary. The Company's contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

5.11 Earnings per certificate

The Company presents earnings per certificate data for its ordinary certificates. EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the period.

5.12 Borrowings costs

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



Notes to the Financial Statements

for the year ended June 30, 2020

5.13 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the profit and loss account unless the provision was originally recognized as part of cost of an asset.

5.14 Cash and cash equivalents

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

5.15 Accrued and other payables

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

5.16 Foreign currency translation

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

5.17 Transactions with related parties

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

Details of related parties of the Modaraba

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

5.18 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.



Notes to the Financial Statements

for the year ended June 30, 2020

5.19 Impairment of assets

5.19.1 Financial assets

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

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

5.19.2 Non-financial assets

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

5.20 Trade date accounting

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

5.21 Segment reporting

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

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

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

5.22 Contingent liabilities

A contingent liability is disclosed when the Modaraba has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly with the control of the Modaraba or the Modaraba has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can not be measured with sufficient reliability.



Notes to the Financial Statements

for the year ended June 30, 2020

6. FIXED ASSETS - tangible

2020	Cost			ACCUMULATED DEPRECIATION				Book value As at June 30, 2020	Depreciation rate per annum %	
	As at July 1, 2019	Additions Adjustment	(Deletions)/ (Transfer)	As at June 30, 2020	As at July 1, 2019	Charge for the year	Disposal / adjustments			As at June 30, 2020
Rupees										
Assets own use										
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	-	10,450,350	-
Plant & Machinery*	104,902,305	-	-	104,902,305	45,586,451	2,965,793	-	48,552,244	56,350,061	5
Furniture and fittings	19,719,796	132,000	-	19,851,796	8,305,388	576,770	-	8,882,158	10,969,638	5
Books	83,000	-	-	83,000	64,674	3,667	-	68,341	14,659	20
Vehicles	22,263,316	-	(3,013,000)	19,250,316	15,429,562	1,155,840	(1,355,853)	15,229,549	4,020,767	20
Computer equipment	6,239,171	230,000	-	6,469,171	4,554,570	363,753	-	4,918,523	1,550,848	20
Office equipment and appliances	9,677,515	577,320	(70,500)	10,184,335	7,235,932	573,281	(70,500)	7,738,713	2,445,622	20
Sub total	173,335,453	939,320	(3,083,500)	171,191,273	81,176,577	5,639,105	(1,426,353)	85,389,329	85,801,944	
Diminishing Musharaka Assets										
Vehicles	8,318,400	-	-	8,318,400	1,663,680	1,330,944	-	2,994,624	5,323,776	20
Assets leased out under Ijarah										
Machinery and equipments	9,918,000	-	(2,000,000)	7,918,000	6,450,804	1,715,400	(1,040,000)	7,126,204	791,796	25-33
Vehicles	59,373,400	-	(18,738,000)	40,635,400	38,915,418	6,909,548	(16,509,929)	29,315,037	11,320,363	25-33
Sub total	69,291,400	-	(20,738,000)	48,553,400	45,366,222	8,624,948	(17,549,929)	36,441,241	12,112,159	
Total	250,945,253	939,320	(23,821,500)	228,063,073	128,206,481	15,594,997	(18,976,282)	124,825,195	103,237,878	

* These comprise of plant and machinery given on operating lease.



Notes to the Financial Statements

for the year ended June 30, 2020

6.1 Advances against lease financing assets

	2020	2019
	Rupees	
As at beginning of the year	-	-
Add: Disbursements during the year	-	4,528,400
	-	4,528,400
Less: Transfers to lease financing assets	-	(4,528,400)
As at end of the year	-	-

6.2 Disposal of Assets in own use

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain on disposal	Mode Of Disposal	Particulars of Purchasers	Particulars of Purchasers
					Rupees			
Honda Civic	3,013,000	1,355,853	1,657,147	2,900,000	1,242,853	Negotiation	Khalid Malik	Sponsor
Office equipment and appliances	70,500	70,500	-	20,000	20,000	Negotiation	Misc. Parties	Third Parties
	3,083,500	1,426,353	1,657,147	2,920,000	1,262,853			

6.3 The depreciation expense has been allocated as follows;

	Note	2020	2019
		Rupees	
Operating expense	30	6,970,049	8,308,480
Cost of good sold		-	1,722,664
Operating expense - discontinued operations		-	2,422,098
		6,970,049	12,453,242



Notes to the Financial Statements

for the year ended June 30, 2020

FIXED ASSETS - tangible

2019	Cost			ACCUMULATED DEPRECIATION			Depreciation rate per annum %			
	As at July 1, 2018	Additions	(Deletions) / (Transfer)	As at June 30, 2019	As at July 1, 2018	Charge for the year		Disposal / adjustments	As at June 30, 2019	Book value As at June 30, 2019
	Rupees									
Assets own use										
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	-	10,450,350	-
Building on lease hold land	102,056,046	-	(102,056,046)	-	24,826,481	684,503	(25,510,984)	-	-	5
Plant & Machinery	97,491,957	7,410,348	-	104,902,305	39,357,483	6,228,968	-	45,586,451	59,315,854	10
Furniture and fittings	19,719,796	-	-	19,719,796	7,064,742	1,240,646	-	8,305,388	11,414,408	10
Books	83,000	-	-	83,000	60,092	4,582	-	64,674	18,326	20
Vehicles	38,151,443	862,500	(16,750,627)	22,263,316	23,067,288	1,788,821	(9,426,547)	15,429,563	6,833,753	20
Computer equipment	6,229,871	160,300	(151,000)	6,239,171	4,257,929	408,061	(111,420)	4,554,570	1,684,601	20
Office equipment and appliances	9,523,715	351,000	(197,200)	9,677,515	6,916,985	433,981	(115,034)	7,235,932	2,441,583	20
Sub total	283,706,178	8,784,148	(119,154,873)	173,335,453	105,551,000	10,789,563	(35,163,985)	81,176,579	92,158,874	
Diminishing Musharaka Assets										
Vehicles	-	8,318,400	-	8,318,400	-	1,663,680	-	1,663,680	6,654,720	20
Assets leased out under Ijarah										
Machinery and equipments	21,418,000	-	(11,500,000)	9,918,000	12,880,404	3,920,400	(10,350,000)	6,450,804	3,467,196	25-33
Vehicles	180,642,300	4,528,400	(125,797,300)	59,373,400	120,153,783	18,807,342	(100,045,707)	38,915,418	20,457,982	25-33
Sub total	202,060,300	4,528,400	(137,297,300)	69,291,400	133,034,187	22,727,742	(110,395,707)	45,366,222	23,925,178	
Total	485,766,478	21,630,948	(256,452,173)	250,945,253	238,585,186	35,180,985	(145,559,690)	128,206,481	122,738,772	



Notes to the Financial Statements

for the year ended June 30, 2020

7. INVESTMENT PROPERTY

2020	Cost				ACCUMULATED DEPRECIATION				Book value As at June 30, 2020	Depreciation rate per annum %
	As at July 1, 2019	Transfer In	Additions	As at June 30, 2020	As at July 1, 2019	Transfer In	Charge for the Year	As at June 30, 2020		
Building on lease hold land	102,856,046	-	476,385	103,332,431	28,933,507	-	3,702,082	32,635,589	70,696,842	5
Total	102,856,046	-	476,385	103,332,431	28,933,507	-	3,702,082	32,635,589	70,696,842	

Rupees

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

Rupees

7.1 This represents building on lease hold land owned by the Modaraba. The property is not occupied by the Modaraba and is held for earning rental income. The estimated fair value of the building is highly likely i.e Rs.90 million to Rs.100 million



Notes to the Financial Statements

for the year ended June 30, 2020

8. INTANGIBLE ASSETS

2020	Cost			ACCUMULATED DEPRECIATION			Useful life of the asset	
	As at July 1, 2019	As at June 30, 2020	Addition / (deletion)	As at July 1, 2019	Charge for the year	As at June 30, 2020		Amortization rate per annum %
Computer Software	6,440,625	6,440,625	-	1,643,750	988,125	2,631,875	20	
Total	6,440,625	6,440,625	-	1,643,750	988,125	2,631,875	Finite	
	Rupees							
2019	Cost			ACCUMULATED DEPRECIATION			Useful life of the asset	
	As at July 1, 2018	As at June 30, 2019	Addition / (deletion)	As at July 1, 2018	Charge for the year	As at June 30, 2019		Amortization rate per annum %
Computer Software	1,875,000	6,440,625	4,565,625	1,568,750	75,000	1,643,750	20	
Products Name	1,789,000	-	(1,789,000)	-	-	-	-	
Total	3,664,000	6,440,625	2,776,625	1,568,750	75,000	1,643,750	Infinite	
	Rupees							



Notes to the Financial Statements

for the year ended June 30, 2020

9. LONG TERM INVESTMENTS		Note	2020	2019	
			Rupees		
At fair value through other comprehensive income					
Listed companies		9.1	<u>214,847,570</u>	<u>168,842,480</u>	
9.1 Listed companies					
	Note	2020 Number of Shares / Certificates	2019 Number of Shares / Certificates	2020 Rupees	2019 Rupees
Pharma & Bio Tech					
	9.1.2	241,277	241,277	48,069,617	35,361,557
		95,500	138,000	10,480,170	9,457,140
		200	200	60,086	22,364
		381	447	190,988	113,167
		113,419	113,419	8,784,302	3,799,537
Automobile					
		100	100	6,275	5,243
Food and Personal Care Products					
		200,385	200,385	44,018,573	37,353,768
		64,889	46,119	742,330	581,099
		260,000	260,000	2,457,000	3,429,400
		15,950	14,500	274,819	285,795
		12,592	12,592	224,893	192,154
Engineering					
		4,000	4,000	182,000	151,120
		365,000	365,000	1,113,250	1,255,600
Cement					
		1,462	1,462	674,830	556,247
		17,000	17,000	1,450,610	961,180
		60,000	124,000	1,558,800	2,962,360
		479,826	479,826	2,974,921	3,085,281
Oil & Gas					
		1,427	1,427	19,407	97,921
		4,713	4,713	257,330	327,506
		6,000	6,000	80,040	124,080
Modaraba					
		75,000	75,000	198,750	162,000
		36,000	36,000	18,000	18,000
Real Estate Investment					
		105,500	105,500	1,148,895	1,072,935



Notes to the Financial Statements

for the year ended June 30, 2020

	2020 Number of Shares / Certificates	2019 Number of Shares / Certificates	2020 Rupees	2019 Rupees
Chemicals				
United Distributors (Pakistan) limited	1,864,864	1,621,621	62,006,727	48,551,333
Ghani Global Holdings Limited	250,268	268	3,936,716	2,048
Lotte Chemical Pakistan Limited	-	10,000	-	152,500
Nimir Resins Limited	76,355	76,355	471,874	404,682
Sitara Peroxide Limited	34,500	34,500	704,145	661,710
Textile Composite				
International Knitwear Limited	832,153	832,153	13,730,525	10,576,665
United Brands Limited	219,570	219,570	5,805,431	3,139,851
Chakwal Spinning Mills Limited	130,000	130,000	213,200	214,500
Power Generation & distribution				
K-Electric Limited	374,500	374,500	1,127,245	1,644,055
Miscellaneous				
Macter International Limited	2,900	2,900	269,903	179,771
Technology & Communication				
Netsol Technologies Limited	5,000	5,000	248,550	329,450
Investment Banks/Securities				
Pakistan Stock Exchange Limited	99,117	99,117	981,258	1,288,521
Cable & Electrical Goods				
TPL Trakker Limited	38,000	38,000	196,460	185,440
Fixed Line Telecommunication				
Worldcall Telecom Limited	195,000	195,000	169,650	136,500
	<u>5,942,831</u>	<u>5,545,934</u>	<u>214,847,570</u>	<u>168,842,480</u>

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

9.1.2 It includes 12,000 bonus shares of The Searle Company Limited valued at Rs. 2,390,760 which have been withheld by the company in lieu of withholding income tax on bonus shares.

	Note	2020 Rupees	2019 Rupees
10. DIMINISHING MUSHARAKAH FINANCING			
Secured:			
Diminishing Musharaka financing	10.1	45,355,365	62,841,707
Less: Provision in respect of diminishing musharaka		(115,285)	-
		<u>45,240,080</u>	<u>62,841,707</u>
Less: Current portion shown		(3,277,233)	(23,381,616)
		<u>41,962,848</u>	<u>39,460,091</u>
Add: Advance against diminishing Musharaka financing		-	-
	10.2	<u>41,962,848</u>	<u>39,460,091</u>

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



Notes to the Financial Statements

for the year ended June 30, 2020

	Note	2020	2019
		Rupees	
10.2 Aging of diminishing Musharaka financing			
Classification	Aging		
Considered good	1 to 179 days	41,847,563	39,460,091
Portfolio classified as non-performing as per the requirement of the Prudential Regulations for Modarabas:			
Other asset especially mentioned (OAEM)	180 days to 1 year	-	-
Substandard	1 year or more	115,285	-
Doubtful	2 years or more	-	-
Loss	3 years or more	-	-
	10.2.1	115,285	-
		<u>41,962,848</u>	<u>39,460,091</u>

10.2.1 This also includes provision on subjective basis.

11	LONG TERM DEPOSITS	1,354,350	1,367,350
12	IJARAH RENTAL RECEIVABLES		
	Secured - considered good		
	Ijarah rental receivables	3,051,200	3,543,210
	Less: Provision against lease receivables	(1,908,198)	(2,941,233)
		<u>1,143,002</u>	<u>601,977</u>
	Ijarah future rental receivables		
	Not later than one year	6,605,458	1,494,183
	Later than one year but not later than five years	1,523,759	22,431,919
		<u>8,129,217</u>	<u>23,926,102</u>

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

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

12.1	Classification	Aging		
	Considered good	1 to 179 days	1,143,002	601,977
Portfolio classified as non-performing as per the requirement of the Prudential Regulations for Modarabas:				
	Other asset especially mentioned (OAEM)	180 days to 1 year	-	907,572
	Substandard	1 year or more	-	-
	Doubtful	2 years or more	-	-
	Loss	3 years or more	1,908,198	2,033,661
		12.1.1	1,908,198	2,941,233
			<u>3,051,200</u>	<u>3,543,210</u>



Notes to the Financial Statements

for the year ended June 30, 2020

12.1.1 This also includes provision on subjective basis.

	Note	2020	2019
		Rupees	
13. TRADE DEBTS			
Unsecured			
Considered good		-	1,694,374
Considered doubtful		-	5,189,146
Provision for doubtful debt		-	(5,189,146)
		-	-
		<u>-</u>	<u>1,694,374</u>
14. INVESTMENTS			
-At amortized cost	14.1	3,500,000	9,000,000
-At fair value through profit or loss	14.2	6,179,886	6,497,829
		<u>9,679,886</u>	<u>15,497,829</u>

14.1 This amount represents investments in term deposits carrying mark-up ranging from 9.5% to 12.75% (2019: 9.5% to 12.75%) having maturity in November 2020.

14.2 Investment- Fair value through profit or loss

	2020	2019	2020	2019
	Number of Shares / Certificates	Number of Shares / Certificates	Rupees	
Oil & Gas Exploration				
Oil And Gas Development Company Limited	3,000	2,500	327,000	328,725
Engineering				
Huffaz Seamless Pipe Industries Limited	23,500	23,500	340,515	316,780
Pharma & Bio Tech				
Abbott Laboratories (Pakistan) Limited	1,100	1,100	729,300	522,104
Fertilizer				
Engro Corporation Limited	27	927	7,909	246,211
Construction And Material				
Fauji Cement Limited	3,000	13,000	50,640	204,490
Vanaspati & Allied Industries				
Unity Foods Limited	423,609	473,609	4,723,240	4,878,173
Miscellaneous				
Siddiqsons Tin Plate Limited	139	139	1,282	1,347
			<u>6,179,886</u>	<u>6,497,829</u>



Notes to the Financial Statements

for the year ended June 30, 2020

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

	2020	2019
	Rupees	
15. ADVANCES		
- To staff - considered good	3,222,035	4,362,901
- Advance against purchase	571,020	2,472,680
- Advance income tax	6,542,119	2,011,845
- Others	101,685	101,685
	<u>10,436,859</u>	<u>8,949,112</u>

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

	2020	2019
	Rupees	
16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES		
Prepayments	889,672	1,234,186
Security deposits	13,000	-
Profit receivable on Musharaka	15,486	15,486
Receivable from brokers	-	258,821
Profit receivable on term deposits account	37,902	-
Others	3,214,468	2,457,087
	<u>4,170,528</u>	<u>3,965,580</u>

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

	Note	2020	2019
		Rupees	
17. CASH AND BANK BALANCES			
Cash in hand		55,695	105,695
Cash at bank			
- in current accounts		15,381,211	16,116,750
- Profit bearing accounts	17.1	51,563,753	9,594,476
		<u>67,000,659</u>	<u>25,816,921</u>

17.1 The profit on the above Modaraba deposit accounts ranges between 5.5 % to 10.5 % (2019: 5.5% to 10.5%) per annum.



Notes to the Financial Statements

for the year ended June 30, 2020

18. CERTIFICATE CAPITAL

2020 Number of certificates	2019 Number of certificates		2020 Rupees	2019 Rupees
<u>50,000,000</u>	<u>50,000,000</u>	Authorized certificate capital Modaraba certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>
		Issued, subscribed and paid-up capital		
17,668,885	17,668,885	Modaraba certificates of Rupees 10 each fully paid-up in cash	176,688,850	176,688,850
14,258,886	11,356,362	Modaraba certificates issued as fully paid-up bonus certificates	142,588,860	113,563,620
<u>31,927,771</u>	<u>29,025,247</u>		<u>319,277,710</u>	<u>290,252,470</u>

18.1 As at 30 June, 2020 UDL Modaraba Management (Private) Limited (Management Company) held 5,976,165 (2019: 5,432,878) certificates of Rs. 10 each.

19. STATUTORY RESERVE

Balance at the beginning of the year	232,650,807	259,037,387
Bonus shares issued - 10%	<u>(29,025,240)</u>	<u>(26,386,580)</u>
	<u>203,625,566</u>	<u>232,650,807</u>

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

	2020 Rupees	2019 Rupees
20. SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS		
Market value of investments	214,847,570	168,842,480
Less: Cost of investments	<u>(192,132,528)</u>	<u>(193,274,943)</u>
	<u>22,715,042</u>	<u>(24,432,463)</u>
Surplus on revaluation at beginning of the year	(24,432,463)	70,813,523
Surplus transferred to profit and loss account during the year on disposal	-	-
	<u>(735,516)</u>	<u>(1,208,754)</u>
Surplus transferred to retained earning on disposal	47,883,022	(94,037,233)
Surplus on revaluation during the year	<u>47,147,506</u>	<u>(95,245,987)</u>
	<u>22,715,042</u>	<u>(24,432,463)</u>



Notes to the Financial Statements

for the year ended June 30, 2020

- 20.1 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.

	Note	2020	2019
		Rupees	
21. LONG TERM SECURITY DEPOSITS			
Deposit against rental property	21.1	6,000,000	6,000,000
Deposit against Ijarah	21.2	7,631,470	9,019,444
Less: current portion		(6,572,950)	(5,494,124)
		1,058,520	3,525,320
		<u>7,058,520</u>	<u>9,525,320</u>

- 21.1 Deposits kept in separate bank account maintained for that purpose as required under section 217(2) of the Companies Act, 2017.

- 21.2 These represent deposits from Ijarah and it utilized for the purpose of Ijarah arrangements.

	Note	2020	2019
		Rupees	
22. DIMINISHING MUSHARAKA			
Diminishing musharaka	22.1	1,567,704	4,255,152
Less: Current portion		(1,567,704)	(2,687,448)
		<u>-</u>	<u>1,567,704</u>

22.1	Nature of asset	Amount Disbursed	Profit rate	Floor	Celling	Principal Outstanding as 30 June, 2020	Ending Date	Security
	Vehicles	6,942,600	6 Months Kibor + 3.5%	9.50%	20%	1,567,704	25 January, 2021	Charge on the fixed asset and Demand promisory note.

- 22.2 Subsequently, the Modaraba has pre-matured the Diminishing Musharaka and settled off the liabilities and transferred the Diminishing assets to owned assets.

22.3 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	01, July 2019	Cash flows	New leases	30, June 2020
Diminishing Musharaka	4,255,152	(2,687,448)	-	1,567,704
	<u>4,255,152</u>	<u>(2,687,448)</u>	<u>-</u>	<u>1,567,704</u>
	01, July 2018	Cash flows	New leases	30, June 2019
Diminishing Musharaka	-	(4,255,152)	8,510,304	4,255,152
	<u>-</u>	<u>(4,255,152)</u>	<u>8,510,304</u>	<u>4,255,152</u>



Notes to the Financial Statements

for the year ended June 30, 2020

23. ACCRUED AND OTHER LIABILITIES	Note	2020	2019
		Rupees	
Accrued expenses		400,000	3,368
Advance rent		2,100,000	2,000,000
Charity payable	23.1	284,438	436,738
Other liabilities			
- Worker's Welfare Fund - provision	23.2	663,872	663,872
- Others		221,632	-
- Sales tax on management fee payable	23.3	5,772,589	5,772,589
- Provident fund payable	23.4	156,718	-
		<u>9,599,249</u>	<u>8,876,566</u>
23.1 Balance as at beginning of the year		436,738	-
Addition during the year		713,100	555,738
Less: Payments as approved by Shariah Advisor		(865,400)	(119,000)
Balance as at end of the year		<u>284,438</u>	<u>436,738</u>

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

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

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

- 23.3 Pursuant to Order of Sindh Revenue Board (SRB), the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at the rate of 13% per annum.
- 23.4 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.

24 Unclaimed profit Distributions	2020	2019
	Rupees	
The reconciliation of carrying amount is as follows:		
Opening balance	26,271,156	27,103,819
Dividend declared	-	-
Less: Dividends paid	(1,032,465)	(832,663)
Closing balance	<u>25,238,691</u>	<u>26,271,156</u>

25 CONTINGENCIES AND COMMITMENTS

Contingencies

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



Notes to the Financial Statements

for the year ended June 30, 2020

- 25.2 There is a suit filed against the Modaraba by Mrs. Mona Junaid impleading it as defendant No.1 before the Banking Court No.1 at Karachi for declaration, cancellation and permanent and mandatory injunction with regard to the property stated to have been mortgaged with the company. Application for leave to defend has been filed on behalf of the Modaraba and the matter is at the stage of hearing of the application for leave to defend. The modaraba has a reasonable defence in the above matter and there is no likelihood of unfavourable outcome or any potential loss on account of this litigation..

	Note	2020	2019
		Rupees	
Commitments			
Diminishing Musharaka future rentals			
Lease rentals - within one year		-	3,261,552
Lease rentals - 1-5 years		-	1,471,746
		<u>-</u>	<u>4,733,298</u>
26. INCOME FROM IJARAH OPERATIONS			
Ijarah rentals		11,282,938	30,033,641
Documentation fee		35,400	160,183
Gain on disposal of Ijarah assets		144,512	651,785
		<u>11,462,850</u>	<u>30,845,609</u>
Less: Depreciation on assets leased out under Ijarah	6	<u>(8,624,589)</u>	<u>(22,727,742)</u>
		<u>2,838,261</u>	<u>8,117,867</u>
27. INCOME FROM INVESTMENTS			
Dividend income	27.1	2,922,707	2,473,356
Gain on sale of securities		1,397,483	1,944,776
		<u>4,320,189</u>	<u>4,418,132</u>
27.1 Investee			
Abbot Laboratories Limited		8,181	-
At-Tahur Limited		4,560	-
AGP Limited		415,126	-
Crescent Steel & Allied Product Limited		-	40,734
Dolmen City Reit		145,590	74,415
Engro Corporation Limited		206	-
Fauji Cement Company Limited		-	59,670
Ferozsons Laboratories Limited		800	4,363
Gillete Pakistan Limited		701,348	246,369
Hascol Petroleum Limited		-	3,634
HighNoon Laboratories Limited		3,813	4,497
IBL Health care Limited		112,262	113,463
International Knitwear Limited		416,076	415,078
Lucky Cement Limited		9,257	11,539
Macter International Limited		2,610	-
Mapple Leaf Cement Limited		61,882	-
Netsol Technologies Limited		-	12,464
Oil & Gas Company Limited		23,298	-
Searle Company Limited		571,988	1,134,603
Sui Northern Gas Company Limited		56	-
United Distributors Pakistan Limited		405,405	352,526
Unity Foods Limited		40,249	-
		<u>2,922,707</u>	<u>2,473,356</u>



Notes to the Financial Statements

for the year ended June 30, 2020

	Note	2020	2019
		Rupees	
28 RENTAL PROPERTY			
Rental income		<u>12,500,000</u>	<u>10,000,000</u>
29 INCOME FROM OTHER SOURCES			
Gain on disposal of fixed assets		1,262,853	3,740,173
Write off of Pharma License - Products Name		-	(1,789,000)
Profit on deposits with banks		2,783,731	773,141
Others		<u>4,717,314</u>	<u>127,517</u>
		<u>8,763,897</u>	<u>2,851,830</u>
30 OPERATING EXPENSES			
Salaries and other staff benefits	30.1,30.2	16,833,315	15,372,667
Travelling and conveyance		1,969,433	1,978,328
Vehicles running and maintenance		710,258	639,996
Utilities and communication		954,019	1,239,199
Printing and stationery		1,328,819	1,114,218
Rent, rates and taxes		403,218	1,221,312
Repair and maintenance		955,998	406,025
Legal and professional charges		1,256,500	1,302,635
Share transaction charges		323,234	30,500
Insurance		654,960	1,398,429
Entertainment		526,602	830,754
Consultancy fee		1,302,504	1,100,004
Fee and subscription		1,265,288	679,467
Auditors' remuneration	30.3	400,000	399,750
Advertisement		110,943	199,414
Depreciation - Owned assets	6.3	6,970,049	12,453,242
Depreciation - Investment property	7	3,702,084	3,422,523
Amortization - computer software	8	988,125	75,000
Other expenses		345,010	137,289
		<u>41,000,359</u>	<u>44,000,752</u>

30.1 Remuneration to officers and employees

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

	2020			2019		
	Officers Rupees	Employees Rupees	Total Rupees	Officers Rupees	Employees Rupees	Total Rupees
Salaries & allowances	9,293,026	5,862,017	15,155,043	9,052,779	5,350,440	14,403,219
Provident fund	440,237	293,492	733,729	356,400	160,596	516,996
Medical expenses	330,869	613,668	944,537	255,961	196,491	452,452
	<u>10,064,132</u>	<u>6,769,177</u>	<u>16,833,309</u>	<u>9,665,140</u>	<u>5,707,527</u>	<u>15,372,667</u>
Number of persons	<u>6</u>	<u>15</u>	<u>21</u>	<u>6</u>	<u>15</u>	<u>21</u>

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

30.2 This includes contributions to provident fund of Rs.733,729 (2019: 516,996)



Notes to the Financial Statements

for the year ended June 30, 2020

	2020	2019
	Rupees	
30.3 Auditors' remuneration		
Audit fee	300,000	285,000
Half yearly review	50,000	50,000
Out of pocket expenses	50,000	64,750
	<u>400,000</u>	<u>399,750</u>

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

	2020	2019
	Rupees	
31. FINANCIAL CHARGES		
Bank charges	16,630	1,566,255
Profit on diminishing musharaka	636,796	906,902
	<u>653,426</u>	<u>2,473,157</u>

32. PROVISION FOR TAXATION

Current tax	-	382,329
	<u>-</u>	<u>382,329</u>

The income of non-trading Modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. The Modaraba has incurred loss during the year and the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001 is not applicable on the Modaraba.

33. LOSS AFTER TAXATION FROM DISCONTINUED OPERATION

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

	2020	2019
	Rupees	
Revenue from pharma business	-	57,705,198
Less:		
Cost of goods sold	-	(58,896,778)
Distribution & claims	-	(30,405,072)
Damaged stock	-	(2,895,136)
Operating expenses - pharma	-	(3,678,176)
	<u>-</u>	<u>(38,169,963)</u>
Provision for taxation	-	(721,315)
Loss after taxation from discontinued operation	<u>-</u>	<u>(38,891,278)</u>



Notes to the Financial Statements

for the year ended June 30, 2020

	2020	2019
	Rupees	
34. LOSS PER CERTIFICATE - basic and diluted		
Loss after taxation from continuing operations	<u>(2,800,625)</u>	<u>(15,738,654)</u>
Loss after taxation from discontinued operation	<u>-</u>	<u>(38,891,278)</u>
	Number of certificates	Number of certificates Restated
Weighted average number of ordinary certificates outstanding during the year	<u>31,927,771</u>	<u>31,927,771</u>
		Restated
Loss per certificate from continuing operations - basic	<u>(0.09)</u>	<u>(0.49)</u>
Loss per certificate from discontinued operations - basic	<u>-</u>	<u>(1.22)</u>
Loss per certificate net - basic	<u>(0.09)</u>	<u>(1.71)</u>

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

35. TRANSACTION WITH RELATED PARTIES

The related parties comprise Modaraba management company, associate companies, directors, companies where directors also hold directorship, key management personnel and staff retirement funds of the Modaraba. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

		2020	2019
		Rupees	
Transactions	Relationship		
Khalid Malik Sale of motor vehicle	Sponsor	<u>2,900,000</u>	<u>-</u>
First UDL Modaraba Staff Provident Fund Contribution by the Modaraba	Other related party	<u>733,729</u>	<u>696,184</u>
UDL Pharmaceuticals Pakistan (Private) Limited Sale of goods	Associate	<u>-</u>	<u>830,545</u>



Notes to the Financial Statements

for the year ended June 30, 2020

36 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

	2020	2019
	Rupees	
36.1 FINANCIAL INSTRUMENTS BY CATEGORY		
At Amortized Cost		
Long term advances and deposits	1,354,350	1,367,350
Ijarah rental receivables	1,143,002	601,977
Trade debts	-	1,694,374
Diminishing Musharaka financing	45,240,081	62,841,707
Diminishing Musharaka financing - Receivable	926,161	902,296
Investment in term deposits	6,179,886	6,497,829
Advances	3,323,720	4,464,586
Other receivables	3,280,856	2,731,394
Cash and bank balances	67,000,659	25,816,921
At fair value through profit or loss		
Short term investments - investments at fair value through profit or loss	3,500,000	6,497,829
At fair value through OCI		
Long term investments	214,847,570	168,842,480
	<u>346,796,286</u>	<u>282,258,743</u>
Financial liabilities		
At Amortized Cost		
Security deposits	13,631,470	15,019,444
Diminishing Musharaka	1,567,704	4,255,152
Trade creditors	-	92,434
Accrued and other liabilities	6,942,531	6,873,198
Unclaimed profit distributions	25,238,691	26,271,156
	<u>47,380,396</u>	<u>52,511,385</u>

36.2 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

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

- Credit risk
- Liquidity risk
- Market risk



Notes to the Financial Statements

for the year ended June 30, 2020

36.3 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.

Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2020 is the carrying amount of the financial assets as set out below:

	Note	2020	2019
		Rupees	
Business			
Diminishing Musharaka financing		46,166,243	63,744,004
Trade debtors		-	1,694,374
Investments		224,527,456	184,340,309
Ijarah receivables		1,143,002	601,977
Deposits		1,354,350	1,367,350
Advances and other receivables		3,323,720	4,464,586
Deposits and other receivables		3,280,856	2,731,394
Bank balances		66,944,964	25,711,226
		<u>346,740,591</u>	<u>284,655,219</u>

Diminishing Musharakh Financing

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

Ijarah Receivable

The aging of Ijarah receivable at the reporting date

Past due 1-30 days	12	1,143,002	601,977
Past due over 30-90 days	12	1,908,198	2,941,233
Less: Provision for non-performing assets	12	(1,908,198)	(2,941,233)
		<u>1,143,002</u>	<u>601,977</u>



Notes to the Financial Statements

for the year ended June 30, 2020

Bank Balances

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

Banks	Short term	Long term	Agency	2020 Rupees	2019 Rupees
Habib Bank Ltd	A1+	AAA	JCR	36,009,909	18,235,927
Bank Islami Pakistan Ltd	A1+	A+	PACRA	4,693	4,623
Dubai Islamic Bank	A1+	AA-	JCR	13,751,183	9,049,944
Albaraka Islamic Bank	A1	A	PACRA	20,505,282	7,261,434
Faysalbank	A1+	AA	PACRA	146,235	141,634
				<u>70,417,303</u>	<u>34,693,562</u>

Concentration of credit risk

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

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

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

	2020		2019	
	Rupees	%	Rupees	%
Segment by class of business of major Ijarah assets				
Modaraba	258,968	2.14%	1,179,153	4.93%
Cargo, Trading & distribution	2,365,864	19.53%	1,352,244	5.65%
Individual	7,728,807	63.81%	16,350,896	68.34%
Miscellaneous	1,758,520	14.52%	5,042,885	21.08%
	<u>12,112,159</u>	<u>100.00%</u>	<u>23,925,178</u>	<u>100.00%</u>

	2020		2019	
	Rupees	%	Rupees	%
Segment by class of business of major Diminishing Musharakah assets				
Modaraba	1,136,056	2.50%	1,787,584	7.47%
Cargo, Trading & distribution	22,994,349	50.70%	22,491,038	94.01%
Individual	12,224,810	26.95%	10,722,909	44.82%
Miscellaneous	9,000,150	19.84%	27,840,176	116.36%
	<u>45,355,365</u>	<u>100.00%</u>	<u>62,841,707</u>	<u>100.00%</u>



Notes to the Financial Statements

for the year ended June 30, 2020

36.3.1 Modaraba's operations are restricted to Pakistan only.

36.4 Liquidity risk

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

	2020			
	Upto one year	One year to five years	Over five years	Total
	← Rupees →			
Financial liabilities				
Security deposits	6,572,950	7,058,520	-	13,631,470
Diminishing Musharaka	1,567,704	-	-	1,567,704
Accrued and other liabilities	6,942,531	-	-	6,942,531
Unclaimed profit distributions	25,238,691	-	-	25,238,691
	<u>40,321,876</u>	<u>7,058,520</u>	<u>-</u>	<u>47,380,396</u>
	2019			
	Upto one year	One year to five years	Over five years	Total
	← Rupees →			
Financial liabilities				
Security deposits	5,494,124	9,525,320	-	15,019,444
Diminishing Musharaka	2,687,448	1,567,704	-	4,255,152
Trade creditor	92,434	-	-	92,434
Accrued and other liabilities	6,873,198	-	-	6,873,198
Unclaimed profit distributions	26,271,156	-	-	26,271,156
	<u>41,418,361</u>	<u>11,093,024</u>	<u>-</u>	<u>52,511,385</u>

36.5 Market risk

Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market.

Exposure:

The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at June 30, 2020, the fair value of equity exposed to price risk was as follows:

	Average Cost	Fair Value	Average Cost	Fair Value
	2020		2019	
	← Rupees →			
Particulars:				
Equity investment	<u>194,517,490</u>	<u>218,347,570</u>	<u>206,466,449</u>	<u>177,842,480</u>



Notes to the Financial Statements

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Risk management

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

Sensitivity analysis

As at June 30, 2020, had there been increase/decrease in net asset value by 5%, with all other variables held constant, the loss before tax for the year would have been lower / higher by Rs 0.308 million (2019: Rs 0.324 million).

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

Risk exposure

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

As at June 30, 2020, the profit of the Modaraba's variable value financial instruments were as follows:

	2020	2019
	Rupees	
Variable rate instruments		
Assets		
Diminishing Musharaka financing	45,240,081	62,841,707
Islamic deposits	51,563,753	9,594,476
	<u>96,803,834</u>	<u>72,436,184</u>
Liabilities		
Diminishing Musharaka financing	<u>1,567,704</u>	<u>2,687,448</u>

Fair value sensitivity analysis for variable rate instruments

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

Asset / liability class (Having variable profit rates)	(Increase / Decrease) (+/-)	Changes in profit / (loss)	
		2020	2019
		Rupees	
Assets			
Diminishing Musharaka financing	100 basis points	452,401	628,417
Islamic deposits	100 basis points	515,638	95,945
Liabilities			
Diminishing Musharaka financing	100 basis points	15,677	26,874

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.



Notes to the Financial Statements

for the year ended June 30, 2020

Risk Management / Mitigation

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

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

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

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

36.6. Operational Risk

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

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

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

37. CAPITAL RISK 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 Ijarah (lease) assets, Musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

As at June 30, 2020 and 2019, the Modaraba had surplus reserves to meet its requirements.

The gearing ratio as at June 30, 2020 and June 30, 2019 is as follows:



Notes to the Financial Statements

for the year ended June 30, 2020

		June 30 2020	June 30 2019
		Rupees	
Diminishing Musharaka	(a)	<u>1,567,704</u>	<u>2,687,448</u>
Total debt			
Certificate capital		<u>319,277,710</u>	290,252,470
Statutory reserves		<u>203,625,566</u>	232,650,807
Unappropriated loss		<u>(63,112,864)</u>	(61,047,754)
Total certificate holders' equity	(b)	<u>459,790,413</u>	461,855,522
Total certificate holders' equity including total debt	(c=a+b)	<u>461,358,117</u>	464,542,971
Gearing ratio (debt / (debt + Equity))	(a/c)	<u>0.340%</u>	0.579%

The Modaraba finances its operations through equity, diminishing musharaka and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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



Notes to the Financial Statements

for the year ended June 30, 2020

	2020			
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
Financial assets at amortized cost				
Long term advances and deposits	1,354,350	-	-	-
Ijarah rental receivables	1,143,002	-	-	-
Investment in term deposits	6,179,886	-	-	-
Diminishing Musharaka financing	45,240,081	-	-	-
Diminishing Musharaka financing - Receivable	926,161	-	-	-
Advances	3,323,720	-	-	-
Other receivables	3,280,856	-	-	-
Cash and bank balances	67,000,659	-	-	-
Financial assets at fair value through profit or loss				
Short term investments - investments at fair value through profit or loss	3,500,000	3,500,000	-	-
Financial assets at fair value through OCI				
Long term investments	214,847,570	214,847,570	-	-
Financial liabilities at amortized cost				
Security deposits	13,631,470	-	-	-
Diminishing Musharaka	1,567,704	-	-	-
Accrued and other liabilities	6,942,531	-	-	-
Trade creditor	-	-	-	-
Unclaimed profit distributions	25,238,691	-	-	-
	2019			
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
Financial instruments by category				
Financial assets at amortized cost				
Long term advances and deposits	1,367,350	-	-	-
Ijarah rental receivables	601,977	-	-	-
Trade receivables (Pharma division)	1,694,374	-	-	-
Investment in term deposits	6,497,829	-	-	-
Diminishing Musharaka financing	62,841,707	-	-	-
Diminishing Musharaka financing - Receivable	902,296	-	-	-
Advances	4,464,586	-	-	-
Other receivables	2,731,394	-	-	-
Bank balances	25,816,921	-	-	-
Financial assets at fair value through profit or loss				
Short term investments - investments at fair value through profit or loss	6,497,829	6,497,829	-	-
Financial assets at fair value through OCI				
Long term investments	168,842,480	168,842,480	-	-
Financial liabilities at amortized cost				
Security deposits	15,019,444	-	-	-
Diminishing Musharaka	4,255,152	-	-	-
Accrued and other liabilities	6,873,198	-	-	-
Trade creditor	92,434	-	-	-
Unclaimed profit distributions	26,271,156	-	-	-



Notes to the Financial Statements

for the year ended June 30, 2020

39. 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:

	2020		Rupees			
			Yield / Profit bearing maturing		Non yield / Profit bearing maturing	
	Within one year	After one year	Within one year	After one year	Sub total	Total
Financial assets						
Long term investments	-	-	-	214,847,570	214,847,570	214,847,570
Long term deposits	-	-	1,354,350	-	1,354,350	1,354,350
Ijarah rental receivables	-	-	1,143,002	-	1,143,002	1,143,002
Diminishing Musharaka financing	3,277,233	41,962,848	-	-	45,240,081	45,240,081
Diminishing Musharaka financing - Receivable	926,161	-	-	-	926,161	926,161
Short term investments	-	-	9,679,886	-	9,679,886	9,679,886
Advances	-	-	3,323,720	-	3,323,720	3,323,720
Other receivables	-	-	3,280,856	-	3,280,856	3,280,856
Cash and bank balances	51,563,753	-	15,436,906	-	15,436,906	67,000,659
(A)	55,767,147	41,962,848	34,218,721	214,847,570	249,066,291	346,796,286
Financial liabilities						
Long term security deposits	-	-	6,572,950	7,058,520	13,631,470	13,631,470
Diminishing Musharaka	1,567,704	-	-	-	1,567,704	1,567,704
Trade creditors	-	-	-	-	-	-
Accrued and other liabilities	-	-	6,942,531	-	6,942,531	6,942,531
Unclaimed profit distributions	-	-	25,238,691	-	25,238,691	25,238,691
(B)	1,567,704	-	38,754,172	7,058,520	45,812,692	47,380,396
(A)-(B)	54,199,443	41,962,848	(4,535,452)	207,789,050	203,253,599	299,415,890
On-balance sheet gap						185,746,282
Non-financial assets						2,100,000
Non-financial liabilities						483,062,172
Total net assets						



Notes to the Financial Statements

for the year ended June 30, 2020

40. INFORMATION ABOUT BUSINESS SEGMENTS

	2020					Total
	Diminishing Musharaka financing	Investments	Ijarah operations	Rental property	Others	
	Rupees					
Segment Revenues	9,873,293	4,320,189	11,462,850	12,500,000	8,763,897	46,920,230
Segment Results						
Segment income and Sales	9,873,293	4,320,189	11,462,850	12,500,000	-	38,156,332
Other income	-	-	-	-	8,763,897	8,763,897
Operating expenses	-	-	(8,624,589)	(3,702,082)	-	(12,326,671)
Manufacturing expenses	-	-	-	-	-	-
Unallocated operating expenses	-	-	-	-	(37,951,703)	(37,951,703)
Unrealized gain	-	557,519	-	-	-	557,519
Provision for taxation	-	-	-	-	-	-
Profit / (loss) for the year	9,873,293	4,877,709	2,838,261	8,797,918	(29,187,806)	(2,800,625)
Other information						
Capital expenditure	-	-	-	476,385	939,320	1,415,705
Depreciation	-	-	8,624,589	3,702,082	7,958,174	20,284,845
Assets and liabilities						
Segment assets	46,166,243	224,527,456	13,255,161	70,696,842	-	354,645,702
Unallocated assets	-	-	-	-	177,896,866	177,896,866
Total assets	46,166,243	224,527,456	13,255,161	70,696,842	177,896,866	532,542,568
Segment liabilities	-	-	13,631,470	-	1,567,704	15,199,174
Unallocated liabilities	-	-	-	-	34,837,940	34,837,940
Total liabilities	-	-	13,631,470	-	36,405,644	50,037,114

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



Notes to the Financial Statements

for the year ended June 30, 2020

	2019						Total
	Diminishing Musharaka financing	Investments	Ijarah operations	Rental property	Others	Manufacturing Pharma - Discontinued operation	
	Rupees						
Segment Revenues	9,076,594	4,418,132	30,845,609	10,000,000	2,851,830	57,705,198	114,897,363
Segment Results							
Segment income and Sales	9,076,594	4,418,132	30,845,609	10,000,000	-	57,705,198	112,045,533
Other income	-	-	-	-	2,851,830	-	2,851,830
Operating expenses	-	-	(22,727,742)	(3,422,523)	-	(15,600,574)	(41,750,840)
Manufacturing expenses	-	-	-	-	-	(61,496,368)	(61,496,368)
Unallocated operating expenses	-	-	-	-	(28,529,399)	(33,300,208)	(61,829,607)
Unrealized gain	-	(3,346,838)	-	-	-	-	(3,346,838)
Provision for taxation	-	-	-	-	(382,328)	(721,315)	(1,103,643)
Profit / (loss) for the year	<u>9,076,594</u>	<u>1,071,293</u>	<u>8,117,867</u>	<u>6,577,477</u>	<u>(26,059,896)</u>	<u>(53,413,267)</u>	<u>(54,629,933)</u>
Other information							
Capital expenditure	-	-	4,528,400	800,000	8,784,148	-	14,112,548
Depreciation	-	-	22,727,742	3,422,523	12,453,243	-	38,603,509
Assets and liabilities							
Segment assets	63,744,004	184,340,309	24,527,155	73,922,539	-	13,576,793	360,110,799
Unallocated assets	-	-	-	-	131,827,013	-	131,827,013
Total assets	<u>63,744,004</u>	<u>184,340,309</u>	<u>24,527,155</u>	<u>73,922,539</u>	<u>131,827,013</u>	<u>13,576,793</u>	<u>491,937,812</u>
Segment liabilities	-	-	15,019,444	-	4,255,152	7,936,728	27,211,324
Unallocated liabilities	-	-	-	-	27,303,428	-	27,303,428
Total liabilities	-	-	<u>15,019,444</u>	-	<u>31,558,580</u>	<u>7,936,728</u>	<u>54,514,752</u>



Notes to the Financial Statements

for the year ended June 30, 2020

	2020	2019
41 NUMBER OF EMPLOYEES		
Total employess at the year end	<u>21</u>	<u>20</u>
Average employees during the year	<u>21</u>	<u>54</u>

42 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed bouns in the proportion of 01 Certificate for every 10 certificate i.e. 10% (2019: bonus in the proportion of 01 certificate for every 10 certificates i.e. 10%) held at their meeting held on September 29, 2020 The financial statements for the year ended June 30, 2020 do not include the effect of the above which will be accounted for in the period in which it is declared.

43 CORRESPONDING FIGURES

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

Reclassified from Cash and bank	Reclassified to Investments	Rupees
Profit bearing accounts	Investment in term deposits	9,000,000

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on September 29, 2020 by the Board of Directors of the Modaraba Management Company.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Shuja Malik

-Sd-
Director
Farah Qureshi

-Sd-
Director
A. Rahim Suriya



Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2020

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
717	1	to 100	28,550
781	101	to 500	180,011
577	501	to 1000	459,781
786	1001	to 5000	1,693,310
168	5001	to 10000	1,167,090
78	10001	to 15000	952,331
49	15001	to 20000	855,802
32	20001	to 25000	731,443
11	25001	to 30000	298,862
15	30001	to 35000	473,614
9	35001	to 40000	341,050
8	40001	to 45000	337,764
6	45001	to 50000	292,046
4	50001	to 55000	212,955
2	55001	to 60000	117,585
5	60001	to 65000	307,000
4	65001	to 70000	269,860
1	70001	to 75000	72,500
5	75001	to 80000	384,296
3	80001	to 85000	245,800
3	85001	to 90000	262,529
1	90001	to 95000	94,380
2	95001	to 100000	196,020
2	100001	to 105000	203,522
1	105001	to 110000	109,410
1	115001	to 120000	116,765
1	120001	to 125000	122,191
2	135001	to 140000	278,650
1	140001	to 145000	144,595
1	145001	to 150000	145,750
1	150001	to 155000	152,460
2	155001	to 160000	312,840
1	160001	to 165000	162,660
1	185001	to 190000	189,676
1	200001	to 205000	201,500
1	205001	to 210000	205,700
1	220001	to 225000	220,400
1	250001	to 255000	254,100
1	265001	to 270000	269,474
1	295001	to 300000	298,870
1	345001	to 350000	350,000
1	385001	to 390000	389,000
1	400001	to 405000	400,976
1	445001	to 450000	448,558
1	630001	to 635000	632,375
1	665001	to 670000	665,500
2	905001	to 910000	1,815,000
1	1815001	to 1820000	1,815,242
1	1830001	to 1835000	1,832,050
1	4235001	to 4240000	4,239,763
1	5975001	to 5980000	5,976,165
<u>3299</u>			<u>31,927,771</u>



Categories of Certificate Holders

As at June 30, 2020

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage (%)
Directors and their spouse(s) and minor children			
MAJID HASAN	1	3,609	0.01
SHUJA MALIK	1	1,832,050	5.74
Associated Companies, undertakings and related parties			
SHAHIDA MALIK	2	1,817,904	5.69
KHALID MALIK	2	4,241,553	13.28
UDL MODARABA MANAGEMENT (PVT) LTD	1	5,976,165	18.72
KOMAL MALIK	1	907,500	2.84
SUNYA AHMED	1	907,500	2.84
TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	1	152,460	0.48
Executives			
	-	-	-
Public Sector Companies and Corporations			
	6	531,794	1.67
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	15	208,343	0.65
Mutual Funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	632,375	1.98
General Public			
a. Local	3234	13,175,827	41.27
b. Foreign	-	-	-
Foreign Companies			
	1	2,603	0.01
Others			
	32	1,538,088	4.82
	3299	31,927,771	100.00

Certificate holders holding 5% or more

	Shares Held	Percentage
UDL MODARABA MANAGEMENT (PVT) LTD	5,976,165	18.72
KHALID MALIK	4,241,553	13.28
SHUJA MALIK	1,832,050	5.74
SHAHIDA MALIK	1,817,904	5.69



Notice of Annual Review Meeting

Notice is hereby given to the certificate holders of the First UDL Modaraba that the 20th 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 Tuesday October 27, 2020 at 10:30 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last annual review meeting held on October 18, 2019.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2020 together with the Chairman, Director, Shariah advisor and independent Auditors reports thereon.
3. To inform certificate-holders of declared stock dividend @ 10% i.e. 1 of every 10 certificates for the financial year June 30, 2020.
4. To inform the certificate-holders regarding appointment of Auditors and fix their remuneration for the year ending June 30, 2020. The present Auditors M/s. Muniff Ziauddin & Co. Chartered Accountants, have retired and are not eligible for re-appointment for having remained auditor for five consecutive years. Upon recommendation from the Audit Committee M/s. Grant Thornton Anjum Rehman & Co. Chartered Accountant have been appointed as auditors for the year. (subject Approval by the Registrar Modaraba)

Special Business:

5. To approve sale of investment property & tangible fixed assets at E44-E45, North Western Industrial Zone, Port Qasim, Karachi.

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 20, 2020 eligible to attend the Annual Review Meeting.
2. The Management of the Modaraba has approved Bonus Certificate in the proportion of "01" Certificate for every "10" certificate held i.e. 10%. The certificate transfer books of the Modaraba will remain closed from October 21, 2020 to October 27, 2020. Transfers received in order at the office of our registrar CDC Registrar Service Ltd. Central Depository Company Pakistan Limited. CDC House Shahrah-e-Faisal Karachi before the close of business hours on Thursday, October 20, 2020.
3. The Certificate holders of First UDL Modaraba are notified that the annual financial statement for the year ended June 30, 2020 have been uploaded at company's website <http://www.udl.com.pk>

-Sd-

Syed Aamir Hussain
Company Secretary
By Order of the Board
Karachi: October 06, 2020

اطلاع سالانہ جائزہ اجلاس

فرسٹ یو ڈی ایل مضاربہ کے سرٹیفکیٹ ہولڈرز کو بذریعہ اطلاع دی جاتی ہے کہ سرٹیفکیٹ ہولڈرز کا ۲۰ 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 منگل ۲۷ اکتوبر ۲۰۲۰ء کو صبح ۱۰:۳۰ بجے، ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کیلئے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا:

عمومی کارروائی

- ۱- ۱۸ اکتوبر ۲۰۱۹ء کو منعقد کی جانے والی گزشتہ سالانہ جائزہ اجلاس کی کارروائیوں کی توثیق۔
- ۲- ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی حسابات مع ان پر چیئرمین، ڈائریکٹر، شریعہ ایڈوائزر اور انڈیپنڈنٹ آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور انہیں رائج کرنا۔
- ۳- سرٹیفکیٹس ہولڈرز کو مالی سال ۳۰ جون ۲۰۲۰ء کیلئے اعلان کردہ اسٹاک منافع منقسمہ بشرح ۱۰ فیصد یعنی ہر ۱۰ سرٹیفکیٹس کیلئے ایک سرٹیفکیٹ کے بارے میں مطلع کرنا۔
- ۴- سرٹیفکیٹس ہولڈرز کو ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کے بارے میں اطلاع دینا۔ موجودہ آڈیٹرز میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سکدوش ہور ہے ہیں مستقل ۵ سالوں کیلئے آڈیٹرز ہونے کے باعث دوبارہ تقرری کیلئے اہل نہیں ہیں۔ آڈٹ کمیٹی کی سفارش پر میسرز گرانٹ تھورنٹن انجمن رحمن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو سال کیلئے آڈیٹرز کی حیثیت سے مقرر کر دیا گیا ہے (رجسٹر ارمضاربہ کی اجازت سے مشروط)۔

خصوصی کارروائی

- ۵- E-44 - E-45 ناتھ ویسٹرن انڈسٹریل زون، پورٹ قاسم، کراچی پر واقع انویسٹمنٹ پراپرٹی اور اس پر نصب شدہ اثاثہ جات فروخت کرنے کی منظوری دینا۔

کتاب بندش کی منتقلی

- ۱- سرٹیفکیٹ ہولڈرز جن کے نام ایف یو ڈی ایل ایم کے سرٹیفکیٹ ہولڈرز کے رجسٹر میں ۲۰ اکتوبر ۲۰۲۰ء کو کاروبار کے اختتام پر موجود ہوئے، سالانہ جائزہ اجلاس میں شرکت کیلئے اہل ہوں گے۔
- ۲- مضاربہ کی انتظامیہ نے '۰۱' سرٹیفکیٹ برائے ہر ایک موجودہ '۱۰' سرٹیفکیٹ یعنی ۱۰ فیصد کے تناسب میں بونس سرٹیفکیٹ کی منظوری دی ہے۔ مضاربہ کی سرٹیفکیٹ ٹرانسفر بکس ۲۱ اکتوبر ۲۰۲۰ء تا ۲۷ اکتوبر ۲۰۲۰ء بند رہیں گی۔ جمعرات ۲۰ اکتوبر ۲۰۲۰ء کو کاروباری اوقات کے اختتام سے قبل ہمارے رجسٹرار، سی ڈی سی رجسٹرار سروسز لمیٹڈ، سینٹرل ڈپازٹری کمپنی پاکستان لمیٹڈ، سی ڈی سی ہاؤس، شاہراہ فیصل، کراچی میں ہر طرح سے مکمل موصولہ ٹرانسفرز بروقت تصور کئے جائیں گے۔
- ۳- فرسٹ یو ڈی ایل مضاربہ کے سرٹیفکیٹ ہولڈرز کو اطلاع دی جاتی ہے کہ ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کے لئے سالانہ مالی حسابات کمپنی کی ویب سائٹ <http://www.udl.com.pk> پر اپ لوڈ کر دیئے گئے ہیں۔

حسب الحکم بورڈ
سید عامر حسین
کمپنی سیکریٹری

کراچی:

۶ اکتوبر ۲۰۲۰ء

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 27, 2020 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.



First UDL Modaraba

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