

2021

ANNUAL REPORT



First UDL Modaraba

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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

Grant Thornton Anjum Rehman & 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.

Tax Advisor

EY Ford Rohdes Sidat Hyder & Co.
Chartered Accountants
Progressive Plaza, Beaumont Road
Karachi.

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



First UDL Modaraba

**Grant Thornton Anjum
Rahman**

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

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**To the certificate holder of First UDL Modaraba
Review Report on the Statement of Compliance contained in
Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of UDL Modaraba Management (Private) Limited, the Management Company of the Modaraba for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2021.

Chartered Accountants

Place: Karachi

Date: 29 September 2021

**Grant Thornton Anjum
Rahman**

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

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AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of First UDL Modaraba (the Modaraba) as at 30 June 2021 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's [UDL Modaraba Management Company (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980) and Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;



- ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
- iii) the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2021 and of the profit, its comprehensive income, changes in equity and cash flows for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Modaraba for the year ended 30 June 2020 were audited by another firm of chartered accountants, whose report dated 29 September 2020 expressed an unmodified opinion on those financial statements.

Date: 29 September 2021
Karachi

A handwritten signature in black ink, appearing to read "Khurram Jameel".

Chartered Accountants
Audit Engagement Partner: Khurram Jameel

Mufti Abdul Qadir

Shariah Advisor

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

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

Ref: ASRR-21

Date: 29-09-2021

Annual Shari'ah Review Report of
First UDL Modaraba (FUDLM)
For the year ended June 30, 2021

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, 2021 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that,

- i. The Modaraba has introduced a mechanism 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;
- i. 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) AML/CFT Program from Institute of Capital Market.
- b) Anti-Money Regime & Global Challenges from NBFI & Modaraba Association of Pakistan.
- ii. The agreements entered into by the Modaraba are Shari'ah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iii. 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
- iv. The earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.



Charity:

An amount collected and duly paid on account of charity with the approval of concerned Shari'ah Advisor. Details are as follows;

	2021	2020
	Rs.	Rs.
Opening Balance	284,438	436,738
Additions during the year	625,331	713,100
Payments made during the year	(702,000)	(865,400)
Closing Balance	207,726	284,438

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

Conclusion:

Based on the above mentioned facts, I am of the view that the business operations of First UDL Modaraba are 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: 29th September, 2021.





FINANCIAL STATEMENTS

for the year ended June 30, 2021

Balance Sheet

as at June 30, 2021

	Note	2021	2020
		← Rupees →	
ASSETS			
Non-current assets			
Fixed assets - tangible	6	25,222,491	103,237,878
Investment property	7	-	70,696,842
Intangibles Assest	8	2,820,624	3,808,750
Long term investments	9	186,506,737	214,847,570
Diminishing Musharakah financing	10	101,049,848	41,962,848
Long term deposits	11	1,384,350	1,354,350
		316,984,050	435,908,239
Current assets			
Investments	12	180,728,871	9,679,886
Current portion of Diminishing Musharakah financing	10	32,884,169	3,277,233
Ijarah rental receivables	13	28,210	1,143,002
Diminishing Musharakah financing installments receivable		599,488	926,161
Advances	14	17,648,863	10,436,859
Prepayments and other receivables	15	3,005,191	4,170,528
Cash and bank balances	16	109,771,934	67,000,659
		344,666,725	96,634,329
Non current assets held for sale	17	134,321,080	-
TOTAL ASSETS		795,971,855	532,542,568
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 50,000,000 (June 30, 2020: 50,000,000) certificates of Rs.10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital	18	351,205,480	319,277,710
Statutory reserves		177,627,753	203,625,566
Accumulated profit/(loss)		38,774,088	(63,112,864)
Certificate holders' equity		567,607,321	459,790,412
SURPLUS ON REVALUATION OF INVESTMENTS	19	46,824,198	22,715,042
Non-current Liabilities			
Long term security deposits	20	-	7,058,520
Current Liabilities			
Current portion of security deposits	20	1,406,020	6,572,950
Current portion of Diminishing Musharakah		-	1,567,704
Accrued and other liabilities	21	155,168,244	9,599,249
Unclaimed profit distributions	22	24,966,072	25,238,691
		181,540,336	42,978,594
TOTAL EQUITY AND LIABILITIES		795,971,855	532,542,568
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 38 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
Majid Hasan



First UDL Modaraba

Profit & Loss Account

for the year ended June 30, 2021

	Note	2021	2020
		← Rupees →	
Income / gain from:			
- Ijarah operations	24	3,840,916	2,838,261
- Diminishing Musharakah		7,665,645	9,873,293
- Sale of investments		17,971,274	1,397,483
- Rental property		10,999,892	12,500,000
- Dividend		1,366,337	2,922,707
- Other sources	25	11,062,166	8,763,897
		<u>52,906,230</u>	<u>38,295,641</u>
Unrealized gain on re-measurement of investments at FVTPL		19,677,567	557,519
		<u>72,583,797</u>	<u>38,853,160</u>
Operating expenses	26	(38,390,094)	(41,000,359)
Financial charges	27	(84,478)	(653,426)
		<u>34,109,255</u>	<u>(2,800,625)</u>
Provision for Sindh Workers' Welfare Fund	21.3	(605,098)	-
Management Company's remuneration	21.4	(3,410,923)	-
Sales tax on Management Company's remuneration	21.4	(443,420)	-
		<u>(4,459,441)</u>	<u>-</u>
Profit / (loss) before taxation		<u>29,649,784</u>	<u>(2,800,625)</u>
Taxation		-	-
Profit / (loss) after taxation		<u>29,649,784</u>	<u>(2,800,625)</u>
			Restated
Earning/(loss) per certificate -basic and diluted	28	<u>0.84</u>	<u>(0.08)</u>

The annexed notes from 1 to 38 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
Majid Hasan



First UDL Modaraba

Statement of Comprehensive Income

for the year ended June 30, 2021

	← 2021	2020 →
	Rupees	
Profit / (loss) after taxation	29,649,784	(2,800,625)
Items that will not be reclassified subsequently to profit and loss account		
Unrealized gain on re-measurement of equity investment classified as FVOCI - net	24,109,155	47,147,506
Other comprehensive income	-	-
Total comprehensive income for the year	53,758,939	44,346,881

The annexed notes from 1 to 38 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
Majid Hasan



First UDL Modaraba

Cash Flow Statement

for the year ended June 30, 2021

← 2021 2020 →
← Rupees →

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (loss) before taxation 29,649,784 (2,800,625)

Adjustment of non cash items:

Depreciation - fixed assets	7,480,892	15,594,997
- Investment property	1,767,422	3,702,082
Amortization of intangible assets	988,126	988,125
Unrealized gain on re-measurement of Investments at FVTPL	(19,677,567)	(557,519)
Gain on sale of investments	(17,971,274)	(1,397,483)
Gain on sale of fixed assets	(3,826,170)	(1,407,365)
Dividend income	(1,366,337)	(2,922,707)
Financial charges	84,478	653,426
Operating (loss) / profit before working capital changes	(2,870,644)	11,852,931

Changes in working capital:

(Increase) / decrease in current assets

Ijarah rental receivables	1,114,792	(541,025)
Trade debts	-	1,694,374
Diminishing Musharakah financing	(88,367,262)	17,577,761
Advances	1,249,378	3,042,527
Prepayments and other receivables	1,165,337	(204,949)
	(84,837,755)	21,568,687

Increase / (decrease) in current liabilities

Accrued and other liabilities	145,568,995	630,249
Security deposits	(5,166,930)	1,078,826
Unclaimed profit distributions	(272,619)	(1,032,466)

140,129,446 676,609

Tax paid	(8,461,382)	(4,530,274)
Financial charges paid	(84,478)	(653,426)

Net cash generated from operating activities 43,875,186 28,914,527



Cash Flow Statement

for the year ended June 30, 2021

2021 2020
← Rupees →

CASH FLOW FROM INVESTING ACTIVITIES

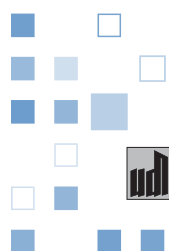
Purchase of fixed assets	(3,777,444)	(939,320)
Investment property acquired	-	(476,385)
Investments made during the year	306,894	4,275,976
Proceeds from sale of fixed assets	6,521,118	6,252,583
Dividends received	1,366,337	2,922,707
Net cash generated from investing activities	4,416,905	12,035,562

CASH FLOW FROM FINANCING ACTIVITIES

Diminishing Musharakah financing	1,567,704	2,687,448
Long term deposits	(30,000)	13,000
Long-term security deposits	(7,058,520)	(2,466,800)
Net cash generated from financing activities	(5,520,816)	233,648
Net increase in cash and cash equivalents	42,771,275	41,183,737
Cash and cash equivalents at the beginning of the year	67,000,659	25,816,921
Cash and cash equivalents at the end of the year	109,771,934	67,000,659

The annexed notes from 1 to 38 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
Majid Hasan



First UDL Modaraba

Statement of Changes in Equity

for the year ended June 30, 2021

	Certificate Capital	Capital Reserve *Statutory Reserve	Revenue Reserve Accumulated (Loss) / Profit	Total Certificate Holders' Equity
	Rupees			
Balance as at July 01, 2019	290,252,470	232,650,807	(61,047,754)	461,855,522
Total comprehensive loss for the year	-	-	(2,800,625)	(2,800,625)
Surplus transferred to unappropriated (loss) / profit	-	-	735,516	735,516
Transactions with certificate holders of the Modaraba				
Bonus shares issued (10%)	29,025,240	(29,025,240)	-	-
Balance as at June 30, 2020	319,277,710	203,625,566	(63,112,863)	459,790,414
Total comprehensive income for the year	-	-	29,649,784	29,649,784
Surplus transferred to unappropriated profit	-	-	78,167,123	78,167,123
Transferred to statutory reserve at 20%	-	5,929,957	(5,929,957)	-
Transactions with certificate holders of the Modaraba				
Bonus shares issued (10%)	31,927,770	(31,927,770)	-	-
Balance as at June 30, 2021	351,205,480	177,627,753	38,774,088	567,607,322

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

The annexed notes from 1 to 38 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
Majid Hasan



First UDL Modaraba

Notes to the Financial Statements

for the year ended June 30, 2021

1. LEGAL STATUS AND NATURE OF THE BUSINESS

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

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

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.

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 Musharakah have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharakah 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.

2.3 Functional and presentation currency

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

3. NEW STANDARDS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING STANDARDS



First UDL Modaraba

Notes to the Financial Statements

for the year ended June 30, 2021

3.1 Standards and amendments adopted during the current year

There are certain other new standards, interpretations and amendments that are mandatory for the Modaraba's accounting period beginning on July 1, 2020, but are considered either to be not relevant or to not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

3.2 Standards not yet effective

The following standards and amendments are only effective for accounting period, beginning on or after the date mentioned against each of them.

Standard	Effective Date (Annual periods beginning on or after)
IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2023
IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2023
IAS 12 - 'Income taxes' (amendment)	January 1, 2023
IFRS 16 - 'Leases' (amendment)	April 1, 2021

These amendments may impact the financial statements of the Modaraba on adoption. The Management Company is in the process of assessing the impact of these amendments on the financial statements of the Modaraba.

IFRS 9 'Financial Instruments' was applicable effective from July 01, 2018. However, the SECP deferred the applicability of IFRS 9 for provision against Islamic financings made by Modaraba in the financial statements for the year ended June 30, 2019 and required the Modaraba to follow all other requirements of IFRS 9. Accordingly, the Modaraba adopted all requirements of IFRS 9 but determined the provision in respect of financings as per the requirements of the Prudential Regulations in June 30, 2019. During the year, the SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022. However, as mentioned above, the Modaraba had already adopted all other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note
- Useful lives, pattern of flow of economic benefits and impairment of fixed assets	5.1
- Classification and valuation of investments	5.4
- Provisions against non-performing financing	5.13
- Provision for taxation	5.14

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Fixed assets - tangible

Assets in own use

These are stated at cost less accumulated depreciation. Depreciation is charged to profit and loss account applying the reducing balance method. In respect of depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal. Maintenance and normal repairs are



Notes to the Financial Statements

for the year ended June 30, 2021

charged to income as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

Assets leased out under Ijarah

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

Gain or loss on disposal

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

Impairment

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

5.2 Intangible assets

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

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

Impairment

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

5.3 Assets held for sale

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

5.4 Financial instruments

5.4.1 Initial recognition and measurement

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

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

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



Notes to the Financial Statements

for the year ended June 30, 2021

The Modaraba classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair FVOCI and FVTPL.

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

i) Financial assets measured at amortised cost

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

ii) Financial assets measured at FVTPL

A financial asset is measured at FVPL 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 recognising the gains and losses on them on different bases.

iii) Financial assets measured at FVOCI

Debt instrument

The Modaraba measures debt instruments at FVOCI 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 FVOCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit and loss account and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in Other Comprehensive Income. Upon derecognition, the cumulative fair value change recognised in Other Comprehensive Income 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 FVOCI when they meet the definition of equity under IAS 32 - 'Financial Instruments: Presentation and are not held for trading'. The classification is determined on an instrument-by-instrument basis.

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



Notes to the Financial Statements

for the year ended June 30, 2021

Impairment of financial assets

Provision for non-performing Islamic financing is made in accordance with the Modaraba Regulation 2021 for modarabas issued by SECP vide SRO 284 (I) / 2021 dated March 05, 2021 and is charged to profit and loss account. The management also evaluates the Islamic financing receivable subjectively to further down-grade if required. Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than financing assets and concluded that impact is not material to the financial statements.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

5.4.2 Derecognition

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

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

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

Any gain or loss on arising on derecognition is charged to Profit and Loss Account.

5.4.3 Offsetting of financial assets and financial liabilities

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

5.5 Diminishing musharaka financing and ijarah rental receivables

These are stated net of provision and suspense income. Provision is recognized in accordance with the Modaraba Regulations, 2021 for Modarabas. Bad debts are written-off when identified.

5.6 Deposits, advances, prepayments and other receivables

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

5.7 Cash and cash equivalents

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.



Notes to the Financial Statements

for the year ended June 30, 2021

5.8 Certificate capital and earning per certificate

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

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

5.9 Retirement benefits

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

5.10 Accrued and other payables

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

5.11 Contingencies

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

5.12 Revenue recognition

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

5.13 Provisions

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

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

5.14 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to amandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. As the mobarba intends to distribute 90% of its profits, no provision for current tax is made in these financial statements.

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through an amendment dated March 21, 2021 which is subsequently adopted in Finance Act, 2021. But a new section 242 has been added in the Income Tax Ordinance, 2001 through Finance Act, 2021 by virtue of which, the Modaraba may avail the exemption till June 30, 2021 subject to the fulfillment of condition that not less than 90 percent of its total profits,



Notes to the Financial Statements

for the year ended June 30, 2021

as reduced by the amount transferred to the mandatory reserve, as required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, are distributed amongst the certificate holders.

Deferred

Deferred tax is recognised, using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

As referred above, tax exemption for modarabas has been withdrawn from July 01, 2021. Accordingly, the modaraba is also subject to deferred tax. However, the management company believes that the temporary differences arising on assets and liabilities are not material to the overall context of the financial statements. Therefore, no provision in respect of deferred tax is required as of June 30, 2021.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position.

5.15 Profit distribution and other appropriations of profit

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

5.16 Segment reporting

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

Notes to the Financial Statements

for the year ended June 30, 2021

6.1 Disposal of Assets in own use - Vehicles

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain on disposal	Mode Of Disposal	Particulars of Purchasers
Toyota Fortuner	5,287,700	(4,253,757)	1,033,943	4,000,000	2,966,057	Insurance	Jubilee Insurance
Union Star CD-70 Bike	55,500	(40,440)	15,060	16,000	940	Negotiation	Employee
Suzuki Cultus	1,019,000	(1,019,000)	-	550,000	550,000	Negotiation	Employee
Suzuki Mehran	724,449	(597,436)	127,013	300,000	172,987	Negotiation	Employee
Union Star CD-70 Bike	55,500	(36,674)	18,826	16,000	(2,826)	Negotiation	Employee
	7,142,149	(5,947,307)	1,194,842	4,882,000	3,687,158		

FIXED ASSETS - tangible

	As at July 1, 2020	Additions Transfer	Cost (Deletions) / (Transfer)	Reclassification As at June 30, 2020	As at July 1, 2020	Charge for the year	Disposal / adjustments	Reclassification As at June 30, 2020	Book value As at June 30, 2020	Depreciation rate per annum %
Assets own use										
Lease hold land	10,450,350	-	-	-	10,450,350	-	-	-	10,450,350	-
Plant & Machinery	104,902,305	-	-	-	104,902,305	2,965,793	-	-	48,552,244	10
Furniture and fittings	19,719,796	132,000	-	-	19,851,796	576,770	-	-	8,882,158	10
Books	83,000	-	-	-	83,000	64,674	-	-	68,341	20
Vehicles	22,263,316	-	(3,013,000)	-	19,250,316	1,155,840	(1,355,853)	-	15,229,550	20
Computer equipment	6,239,171	230,000	-	-	6,469,171	363,753	-	-	4,918,323	20
Office equipment and appliances	9,677,515	577,320	(70,500)	-	10,184,335	573,281	(70,500)	-	7,738,713	20
Sub total	173,335,453	939,320	(3,083,500)	-	171,191,273	81,176,577	(1,426,353)	-	85,389,330	
Diminishing Musharakah Assets										
Vehicles	8,318,400	-	-	-	8,318,400	1,330,944	-	-	2,994,624	20
Assets leased out under Ijarah										
Machinery and equipments	9,918,000	-	(2,000,000)	-	7,918,000	1,715,400	(1,040,000)	-	7,126,204	25-33
Vehicles	59,373,400	-	(18,738,000)	-	40,635,400	6,909,548	(16,509,929)	-	29,315,037	25-33
Sub total	69,291,400	-	(20,738,000)	-	48,553,400	8,624,948	(17,549,929)	-	36,441,241	
Total	250,945,253	939,320	(23,821,500)	-	228,063,073	15,594,997	(18,976,280)	-	124,825,196	
									103,237,878	



Notes to the Financial Statements

for the year ended June 30, 2021

7. INVESTMENT PROPERTY

	Cost			ACCUMULATED DEPRECIATION			Book value As at June 30, 2021	Depreciation rate per annum %
	As at July 1, 2020	Additions	Reclassification Note 17	As at July 1, 2020	Charge for the Year	Reclassification Note 17		
2021								
Building on lease hold land	103,332,431	-	(103,332,431)	32,635,589	1,767,422	(34,403,011)	-	5
Total	103,332,431	-	(103,332,431)	32,635,589	1,767,422	(34,403,011)	-	
2020								
Building on lease hold land	102,856,046	476,385	-	28,933,507	3,702,082	-	32,635,589	5
Total	102,856,046	476,385	-	28,933,507	3,702,082	-	32,635,589	

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.100 million to Rs.130 million.

* During the year, the Modaraba has reclassified asset to non-current assets held for sale (refer note 17).

8. INTANGIBLE ASSETS

	Cost			ACCUMULATED DEPRECIATION			Book value As at June 30, 2021	Amortization rate per annum %
	As at July 1, 2020	Addition / (deletion)	Reclassification Note 17	As at July 1, 2020	Charge for the year	Reclassification Note 17		
2021								
Computer Software	6,440,625	-	-	2,631,875	988,126	-	2,820,624	20
Total	6,440,625	-	-	2,631,875	988,126	-	2,820,624	
2020								
Computer Software	6,440,625	-	-	1,643,750	988,125	-	2,631,875	20
Total	6,440,625	-	-	1,643,750	988,125	-	2,631,875	



Notes to the Financial Statements

for the year ended June 30, 2021

9. LONG TERM INVESTMENTS	Note	2021	2020
		Rupees	
At FVOCI	9.1	<u>186,506,737</u>	<u>214,847,570</u>

9.1 At FVOCI

	2021	2020	2021	2020
	Number of Shares / Certificates		Rupees	
Pharma & Bio Tech				
The Searle Company Limited	275,355	241,277	66,806,630	48,069,617
AGP Limited	40,000	95,500	4,693,200	10,480,170
Ferozsons Laboratories Limited	-	200	-	60,086
Highnoon Laboratories Limited	-	381	-	190,988
IBL HealthCare Limited	15,419	113,419	1,713,513	8,784,302
Automobile				
Gandhara Industries Limited	-	100	-	6,275
Food and Personal Care Products				
Gillette Pakistan Limited	187,185	200,385	41,545,711	44,018,573
Al Shaheer Corporation	97,333	64,889	1,939,847	742,330
Fauji Foods Limited	-	260,000	-	2,457,000
At-Tahur Ltd (PREMA)	17,545	15,950	408,799	274,819
Treet Corporation Limited	-	12,592	-	224,893
Engineering				
Crescent Steel and Allied Products	-	4,000	-	182,000
Dost Steels Limited	-	365,000	-	1,113,250
Fertilizer				
Engro Fertilizers Limited	200,000	-	14,054,000	-
Cement				
Lucky Cement	-	1,462	-	674,830
DG Khan Cement Limited	-	17,000	-	1,450,610
Maple leaf Cement Limited	-	60,000	-	1,558,800
Power Cement Limited	404,826	479,826	3,890,378	2,974,921
Fauji Cement	250,000	-	5,750,000	-
Oil & Gas				
Hascol Petroleum Limited	-	1,427	-	19,407
Sui Northern Gas Pipelines Limited	4,713	4,713	228,958	257,330
Sui Southern Gas Pipelines Limited	6,000	6,000	79,800	80,040
Modaraba				
First Equity Modaraba	-	75,000	-	198,750
Unicap Modaraba	-	36,000	-	18,000
Real Estate Investment				
Dolmen City Reit	105,500	105,500	1,162,610	1,148,895



First UDL Modaraba

Notes to the Financial Statements

for the year ended June 30, 2021

	2021	2020	2021	2020
	Number of Shares / Certificates		Rupees	
Chemicals				
United Distributors (Pakistan) limited	396,303	1,864,864	19,914,226	62,006,727
Ghani Global Holdings Limited	-	250,268	-	3,936,716
Nimir Resins Limited	-	76,355	-	471,874
Sitara Peroxide Limited	34,500	34,500	976,005	704,145
Textile Composite				
International Knitwear Limited	832,153	832,153	11,949,717	13,730,525
United Brands Limited	219,570	219,570	6,723,233	5,805,431
Chakwal Spinning Mills Limited	-	130,000	-	213,200
Nishat Mills	25,000	-	2,332,500	-
Power Generation & distribution				
K-Electric Limited	374,500	374,500	1,565,410	1,127,245
Miscellaneous				
Macter International Limited	-	2,900	-	269,903
Technology & Communication				
Netsol Technologies Limited	-	5,000	-	248,550
Investment Banks/Securities				
Pakistan Stock Exchange Limited	-	99,117	-	981,258
Cable & Electrical Goods				
TPL Trakker Limited	-	38,000	-	196,460
Fixed Line Telecommunication				
Worldcall Telecom Limited	195,000	195,000	772,200	169,650
	<u>3,680,902</u>	<u>6,282,848</u>	<u>186,506,737</u>	<u>214,847,570</u>

	Note	2021	2020
		Rupees	
10. DIMINISHING MUSHARAKAH FINANCING			
Secured			
Diminishing Musharakah Financing	10.1	113,123,792	45,355,365
Less: Provision in respect of Diminishing Musharakah Financing	10.2	(354,270)	(115,285)
		<u>112,769,522</u>	<u>45,240,080</u>
Less: Current portion shown		(32,884,169)	(3,277,233)
		<u>79,885,353</u>	<u>41,962,848</u>
Add: Advance against Diminishing Musharakah Financing		21,164,495	-
	10.3	<u>101,049,848</u>	<u>41,962,848</u>

- 10.1 This represents Musharakah finance for a term of 1 to 3 years. The profit rates on the financing ranges from 9% and 15% (2020: 10% and 15%) per annum. All diminishing Musharakah arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.



Notes to the Financial Statements

for the year ended June 30, 2021

	Note	2021	2020	
		Rupees		
10.2 Movement of provision in respect of diminishing musharaka				
Opening balance		115,285	-	
Charge for the year		238,985	115,285	
Closing balance		<u>354,270</u>	<u>115,285</u>	
10.3 Aging of diminishing Musharakah financing				
Classification				
Considered good		100,695,578	41,847,563	
Portfolio classified as non-performing				
Substandard		<u>354,270</u>	<u>115,285</u>	
		<u>101,049,848</u>	<u>41,962,848</u>	
11 LONG TERM DEPOSITS				
Against:				
Related party		735,000	735,000	
Others	11.1	<u>649,350</u>	<u>619,350</u>	
		<u>1,384,350</u>	<u>1,354,350</u>	
11.1 Represents security deposits paid by the Modaraba on behalf of the Management Company for head office rental property				
12 INVESTMENTS				
-At amortized cost	12.1	150,000,000	3,500,000	
-At FVTPL	12.2	<u>30,728,871</u>	<u>6,179,886</u>	
		<u>180,728,871</u>	<u>9,679,886</u>	
12.1 This amount represents invesments in term deposit receipts with Islamic banks with expected profit ranging from 3.5% to 6.5% (2020: 9.5% to 12.75%) per annum having maturity in November 2021.				
12.2 At FVTPL				
	2021	2020	2021	2020
	Number of		Rupees	
	Shares / Certificates			
	(face value Rs 10/-)			
Oil & Gas Exploration/Marketing				
Oil And Gas Development Company Limited	28,000	3,000	2,660,840	327,000
Pakistan Oilfields Ltd.	10,000	-	3,938,600	-
Pakistan State Oil	10,000	-	2,242,500	-
Engineering				
Huffaz Seamless Pipe Industries Limited	23500	23,500	340,515	340,515
Pharma & Bio Tech				
Abbott Laboratories (Pakistan) Limited	100	1,100	79,236	729,300
Fertilizer				
Engro Corporation Limited	-	27	-	7,909



Notes to the Financial Statements

for the year ended June 30, 2021

	2021	2020	2021	2020
	Number of Shares / Certificates (face value Rs 10/-)		Rupees	
Construction And Material				
Fauji Cement Limited	-	3,000	-	50,640
Power Cement Ltd. Preference Shares	110,359	-	1,269,129	-
Food and Personal Care Products				
Gillette Pakistan Limited	91,000	-	20,198,051	-
Vanaspati & Allied Industries				
Unity Foods Limited	-	423,609	-	4,723,240
Miscellaneous				
Siddiqsons Tin Plate Limited	-	139	-	1,282
	<u>272,959</u>	<u>454,375</u>	<u>30,728,871</u>	<u>6,179,886</u>
13 IJARAH RENTAL RECEIVABLES				
		Note	2021	2020
Secured - considered good				
Ijarah rental receivables		13.1	28,210	3,051,200
Less: Provision against lease receivables			-	(1,908,198)
			<u>28,210</u>	<u>1,143,002</u>
13.1 Classification				
Considered good			28,210	1,143,002
Portfolio classified as non-performing:				
Loss			-	1,908,198
			<u>28,210</u>	<u>3,051,200</u>
14 ADVANCES				
- Employees			2,112,535	3,222,035
- Income tax			15,003,501	6,542,119
- Others			532,827	672,705
			<u>17,648,863</u>	<u>10,436,859</u>
15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES				
Prepayments			1,230,575	889,672
Security deposits			13,000	13,000
Accrued profit			1,629,415	53,388
Others			132,201	3,214,468
			<u>3,005,191</u>	<u>4,170,528</u>



Notes to the Financial Statements

for the year ended June 30, 2021

	Note	2021	2020
		← Rupees →	
16 CASH AND BANK BALANCES			
Cash in hand		55,695	55,695
Cash at bank			
- in current accounts		14,584,499	15,381,211
- Profit bearing accounts	16.1	<u>95,131,740</u>	<u>51,563,753</u>
		<u>109,771,934</u>	<u>67,000,659</u>

16.1 These carry profit ranging between 3 % to 6 % (2020: 5.5% to 10.5%) per annum.

17 NON CURRENT ASSETS HELD FOR SALE

17.1 During the year, the Board of directors of the Management Company, has decided to dispose off certain fixed assets and investment property to an independent buyer against consideration of Rs. 230 million. The said tranfered is expected to be completed by december 2021. The carrying amounts of such assets as at june 30, 2021 are as follows:

	Note	2021	2020
		← Rupees →	
Carrying amount			
Fixed assets - tangible			
Leasehold land	6	10,450,350	-
Plant and machinery	6	54,941,310	-
Investment property	7	<u>68,929,420</u>	<u>-</u>
		<u>134,321,080</u>	<u>-</u>

In accordance with the requirements of IFRS 05 "Non-current Assets Held for Sale and Discontinued Operations", the Modaraba has reclassified the above assets from the respective categories to non current assets held for sale.

17.2 As per latest valuation carried out by Pee Dee & Associates, as at June 30, 2021 the fair value of the aforementioned assets was Rs. 229.248 million. The valuation was carried out in accordance with the commercial rates for sale of factory premises prevailing in the market. However, as per IFRS-05 the property is kept at lower of cost or fair value less cost to sell. The rental income during the year from the investment property amounted to Rs.10.999 (2020: Rs.12.5) million.



Notes to the Financial Statements

for the year ended June 30, 2021

18 CERTIFICATE CAPITAL

2021 Number of certificates	2020 Number of certificates		2021 ← Rupees →	2020 ← Rupees →
<u>50,000,000</u>	<u>50,000,000</u>	Authorized certificate capital Modaraba certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>
		Issued, subscribed and paid-up capital		
17,668,885	17,668,885	Modaraba certificates of Rupees 10 each fully paid-up in cash	176,688,850	176,688,850
17,451,663	14,258,886	Modaraba certificates issued as fully paid-up bonus certificates	174,516,630	142,588,860
<u>35,120,548</u>	<u>31,927,771</u>		<u>351,205,480</u>	<u>319,277,710</u>

- 18.1 As at 30 June, 2021 the Management Company held 6,573,781 (2020: 5,976,166) certificates of Rs. 10 each.

19 SURPLUS ON REVALUATION OF INVESTMENTS

	2021 ← Rupees →	2020 ← Rupees →
Market value of investments	186,506,737	214,847,570
Less: Cost of investments	(139,682,539)	(192,132,528)
	<u>46,824,198</u>	<u>22,715,042</u>
Opening balance	22,715,043	(24,432,463)
Surplus transferred to unappropriated profit	(78,167,123)	(735,516)
Surplus on revaluation during the year	102,276,278	47,883,021
	<u>24,109,155</u>	<u>47,147,505</u>
Closing balance	<u>46,824,198</u>	<u>22,715,042</u>

- 19.1 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.

20 LONG TERM SECURITY DEPOSITS

	2021 ← Rupees →	2020 ← Rupees →
Deposit against Ijarah	1,406,020	7,631,470
Less: current portion	(1,406,020)	(6,572,950)
	-	1,058,520
Security deposits for property	-	6,000,000
	-	<u>7,058,520</u>



Notes to the Financial Statements

for the year ended June 30, 2021

	Note	2021	2020
		← Rupees →	
21 ACCRUED AND OTHER LIABILITIES			
Advance against assets held for sale		126,142,445	-
Charity payable	21.1	207,769	284,438
Provident fund	21.2	154,574	156,718
Sindh Worker's Welfare Fund	21.3	1,268,970	663,872
Management company's remuneration payable	21.4	3,410,923	
Sales tax on the Management Company fee payable	21.4	6,216,009	5,772,589
Security deposits for property		6,000,000	-
Others		11,767,554	2,721,632
		<u>155,168,244</u>	<u>9,599,249</u>
21.1			
Opening balance		284,438	436,738
Addition during the year		625,331	713,100
Less: Payments as approved by shariah advisor		(702,000)	(865,400)
Closing balance		<u>207,769</u>	<u>284,438</u>

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

21.2 Provident fund	<u>154,574</u>	<u>156,718</u>
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21.2.1 All investments out of the funds of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules for this purpose.

	2021	2020
	← Rupees →	
21.2.2 Provident fund related disclosures		
Size of the fund- total assets	<u>8,649,407</u>	<u>6,190,718</u>
Cost of investment made	<u>4,617,205</u>	<u>4,430,404</u>
Fair value of investment	<u>3,831,278</u>	<u>1,926,958</u>
Percentage of investment made	<u>44%</u>	<u>31%</u>

The break-up of fair value of investment is as follows:

	2021		2020	
	Percentage of Size of the fund	Rupees	Percentage of Size of the fund	Rupees
Investment in listed equity securities	24%	2,108,808	27%	1,658,015
Bank balances	20%	1,722,470	4%	268,943
	<u>44%</u>	<u>3,831,278</u>	<u>31%</u>	<u>1,926,958</u>



Notes to the Financial Statements

for the year ended June 30, 2021

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

21.4 The Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and control) Ordinance, 1980 upto maximum 10% per annum of the net annual profits of the Modaraba. Accordingly, the management fee for the year ended June 30, 2021 has been recognized at 10% of profit for the year.

The SRB imposed Sindh Sales Tax (SST) on the Management Company's remuneration with effect from November 01, 2011. However, certain Modaraba management companies have approached the Honorable Sindh High Court (the Court) and Appellate Tribunal of SRB, Challenging the levy of SST on management Company's remuneration. The Management Company has not received any demand notice from SRB for payment of SST on such remuneration. However, as the matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.

	2021	2020
	← Rupees →	
22 UNCLAIMED PROFIT DISTRIBUTIONS		
Opening balance	25,238,691	26,271,156
Less: Dividends paid	(272,619)	(1,032,465)
Closing balance	<u>24,966,072</u>	<u>25,238,691</u>

23 CONTINGENCIES AND COMMITMENTS

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

	2021	2020
	← Rupees →	
24 INCOME FROM IJARAH OPERATIONS		
Ijarah rentals	6,306,961	11,282,938
Documentation fee	-	35,400
Gain on disposal of Ijarah assets	139,012	144,512
	<u>6,445,973</u>	<u>11,462,850</u>
Less: Depreciation on assets leased out under Ijarah	(2,605,057)	(8,624,589)
	<u>3,840,916</u>	<u>2,838,261</u>

25 INCOME FROM OTHER SOURCES

Gain on disposal of fixed assets	3,687,158	1,262,853
Profit on deposits with banks	7,371,258	2,783,731
Others	3,750	4,717,314
	<u>11,062,166</u>	<u>8,763,897</u>



Notes to the Financial Statements

for the year ended June 30, 2021

	Note	2021	2020
		← Rupees →	
26 OPERATING EXPENSES			
Salaries and other staff benefits	26.1 & 26.2	18,399,640	17,935,815
Travelling and conveyance		1,847,983	1,969,433
Vehicles running and maintenance		1,155,764	710,258
Utilities and communication		1,554,441	1,258,253
Printing and stationery		1,407,297	1,328,819
Rent, rates and taxes		539,294	403,218
Repair and maintenance		1,048,205	955,998
Legal and professional charges		1,416,489	1,256,500
Share transaction charges		30,000	19,000
Insurance		380,945	654,960
Entertainment		741,859	526,602
Consultancy fee		249,996	200,004
Fee and subscription		1,140,221	1,265,288
Auditors' remuneration	26.3	400,000	400,000
Advertisement		318,074	110,943
Depreciation - Owned assets	6	4,875,837	6,970,049
- Investment property	7	1,767,422	3,702,084
Amortization	8	988,126	988,125
Other expenses		128,501	345,010
		<u>38,390,094</u>	<u>41,000,359</u>

26.1 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:

	2021			2020		
	Officers	Employees	Total	Officers	Employees	Total
	← Rupees →					
Salaries & allowances	10,011,430	6,674,287	16,685,717	10,395,532	5,862,017	16,257,549
Provident fund	439,553	293,036	732,589	440,237	293,492	733,729
Medical expenses	499,076	482,258	981,334	330,869	613,668	944,537
	<u>10,950,059</u>	<u>7,449,581</u>	<u>18,399,640</u>	<u>11,166,698</u>	<u>6,769,177</u>	<u>17,935,815</u>
Number of persons	6	15	21	6	15	21

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

26.2 This includes contributions to provident fund of Rs. 732,589 (2020: 733,729).

	2021	2020
	← Rupees →	
26.3 Auditors' remuneration		
Audit fee	300,000	300,000
Half yearly review	50,000	50,000
Out of pocket expenses	50,000	50,000
	<u>400,000</u>	<u>400,000</u>



First UDL Modaraba

Notes to the Financial Statements

for the year ended June 30, 2021

	2021	2020
	← Rupees →	
27 FINANCIAL CHARGES		
Bank charges	17,993	16,630
Profit on Diminishing Musharakah	66,485	636,796
	<u>84,478</u>	<u>653,426</u>

	2021	2020
	Rupees	
28 EARNING / (LOSS) PER CERTIFICATE		
Profit / (loss) after taxation	<u>29,649,784</u>	<u>(2,800,625)</u>
		Restated
Weighted average number of ordinary certificates outstanding during the year	<u>35,120,548</u>	<u>35,120,548</u>
		Restated
Earning / (loss) per certificate	<u>0.84</u>	<u>(0.08)</u>

29 TRANSACTION WITH RELATED PARTIES

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

Transactions	Relationship	2021	2020
		Rupees	
Key management personnel	Employees		-
Proceeds from sale of vehicles		<u>850,000</u>	
UDL Modaraba Management (Private) Limited	Management Company		
Management fee		<u>3,410,923</u>	<u>-</u>
First UDL Modaraba Staff Provident Fund	Retirement fund		
Contribution		<u>732,589</u>	<u>733,729</u>

30 CAPITAL MANAGEMENT

The objective of the Modaraba when managing capital i.e its certificate holder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Modaraba primarily invests in Musharaka, term deposit receipts and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors. As at June 30, 2021 and 2020, the Modaraba had surplus reserves to meet its requirements.

31 FINANCIAL INSTRUMENTS

31.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. 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.



First UDL Modaraba

Notes to the Financial Statements

for the year ended June 30, 2021

The Modaraba primarily invests in Ijarah (lease) assets, Musharakah 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:

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The 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, 2021 is the carrying amount of the financial assets as set out below:

	2021	2020
	Rupees	
Business		
Diminishing Musharakah financing	134,533,505	46,166,243
Investments	367,235,608	224,527,456
Ijarah receivables	28,210	1,143,002
Deposits	1,384,350	1,354,350
Advances	2,625,949	3,323,720
Other receivables	1,774,616	3,280,856
Bank balances	109,716,239	66,944,964
	<u>617,298,477</u>	<u>346,740,591</u>

Credit risk ratings

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

Banks	Short term	Long term	Agency	2021	2020
				Rupees	
Habib Bank	A1+	AAA	JCR	174,258,573	36,009,909
Bank Islami Pakistan	A1+	A+	PACRA	4,693	4,693
Dubai Islamic Bank	A1+	AA-	JCR	344,998	13,751,183
Albaraka Islamic Bank	A1	A	PACRA	22,569,730	20,505,282
Faysal Bank	A1+	AA	PACRA	1,168,040	146,235
Askari Bank	A1+	AA	PACRA	61,330,544	-
				<u>259,676,578</u>	<u>70,417,303</u>

Concentration of credit risk

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

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

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



Notes to the Financial Statements

for the year ended June 30, 2021

Segment by class of business major Ijarah assets

	2021		2020	
	Rupees	%	Rupees	%
Modaraba	-	-	258,968	2.14%
Cargo, Trading & distribution	390,084	75.96%	2,365,864	19.53%
Individual	-	-	7,728,807	63.81%
Others	123,463	24.04%	1,758,520	14.52%
	<u>513,547</u>	<u>100.00%</u>	<u>12,112,159</u>	<u>100.00%</u>

Segment by class of business of major Diminishing Musharakah assets

	2021		2020	
	Rupees	%	Rupees	%
Modaraba	4,192,273	2.44%	1,136,056	2.50%
Cargo, Trading & distribution	55,483,408	32.34%	22,994,349	50.70%
Individual	81,989,617	47.79%	12,224,810	26.95%
Others	29,899,879	17.43%	9,000,150	19.85%
	<u>171,565,177</u>	<u>100.00%</u>	<u>45,355,365</u>	<u>100.00%</u>

(ii) Liquidity risk

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

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

The financial instruments maturity profile is given below:

	2021			
	Upto one year	One year to five years	Over five years	Total
	Rupees			
Financial liabilities				
Security deposits	1,406,020	-	-	1,406,020
Accrued and other liabilities	25,614,876	-	-	25,614,876
Unclaimed profit distributions	24,966,072	-	-	24,966,072
	<u>51,986,968</u>	<u>-</u>	<u>-</u>	<u>51,986,968</u>

	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
Trade creditor	6,942,531	-	-	6,942,531
Accrued and other liabilities	25,238,691	-	-	25,238,691
Unclaimed profit distributions	40,321,876	7,058,520	-	47,380,396



Notes to the Financial Statements

for the year ended June 30, 2021

(iii) Market risk

Price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at June 30, 2021, the fair value of equity exposed to price risk was as follows:

	Average Cost 2021	Fair Value	Average Cost 2020	Fair Value
	Rupees			
Particulars:				
Equity investment	<u>150,732,502</u>	<u>217,235,608</u>	<u>194,517,490</u>	<u>218,347,570</u>

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.

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, 2021, the profit of the Modaraba's variable value financial instruments were as follows:

	2021	2020
	Rupees	
Variable rate instruments		
Assets		
Diminishing Musharaka financing	133,934,017	45,240,081
Islamic deposits	<u>95,131,740</u>	<u>51,563,753</u>
	<u>229,065,757</u>	<u>96,803,834</u>
Liabilities		
Diminishing Musharaka financing	<u>-</u>	<u>1,567,704</u>



Notes to the Financial Statements

for the year ended June 30, 2021

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)	
		2021 ← Rupees →	2020
Assets			
Diminishing Musharaka financing	100 basis points	1,339,340	452,401
Islamic deposits	100 basis points	951,317	515,638
Liabilities			
Diminishing Musharaka financing	100 basis points	-	15,677

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.

31.2 Operational Risk

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

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



Notes to the Financial Statements

for the year ended June 30, 2021

- 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.

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Notes to the Financial Statements

for the year ended June 30, 2021

2021				
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
Financial assets at amortized cost				
Diminishing Musharakah financing	133,934,017	-	-	-
Diminishing Musharakah financing installments receivable	599,488	-	-	-
Long term deposits	1,384,350	-	-	-
Investment in term deposit receipts	150,000,000	-	-	-
Ijarah rental receivables	28,210	-	-	-
Advances	17,648,863	-	-	-
Other receivables	1,774,616	-	-	-
Cash and bank balances	109,771,934	-	-	-
Financial assets at FVTPL				
Investments	30,728,871	30,728,871	-	-
Financial assets at FVOCI				
Long term investments	186,506,737	186,506,737	-	-
Financial liabilities at amortized cost				
Security deposits	1,406,020	-	-	-
Accrued and other liabilities	25,614,876	-	-	-
Unclaimed profit distributions	24,966,072	-	-	-
2020				
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
Financial assets at amortized cost				
Diminishing Musharakah financing	45,240,081	-	-	-
"Diminishing Musharakah financing installments receivable"	926,161	-	-	-
Long term advances and deposits	1,354,350	-	-	-
Investment in term deposits	6,179,886	6,179,886	-	-
Ijarah rental receivables	1,143,002	-	-	-
Advances	3,323,720	-	-	-
Other receivables	3,280,856	-	-	-
Cash and bank balances	67,000,659	-	-	-
Financial assets at FVTPL				
Investments	3,500,000	-	-	-
Financial assets at FVOCI				
Long term investments	214,847,570	214,847,570	-	-
Financial liabilities at amortized cost				
Security deposits	13,631,470	-	-	-
Diminishing Musharakah	1,567,704	-	-	-
Accrued and other liabilities	6,942,531	-	-	-
Unclaimed profit distributions	25,238,691	-	-	-



Notes to the Financial Statements

for the year ended June 30, 2021

33 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:

2021	Yield / Profit bearing maturing			Non yield / Profit bearing maturing		
	Within one year	After one year	Sub total	Within one year	After one year	Sub total
Rupees						
Financial assets						
Diminishing Musharakah financing "Diminishing Musharakah financing installments receivable"	32,884,169	101,049,848	133,934,017	-	-	-
	-	-	-	599,488	-	-
	-	-	-	-	186,506,737	186,506,737
Long term investments	-	-	-	-	-	1,384,350
Long term deposits	-	-	-	1,384,350	-	1,384,350
Investments	150,000,000	-	150,000,000	30,728,871	-	30,728,871
Ijarah rental receivables	-	-	-	28,210	-	28,210
Advances	-	-	-	2,645,362	-	2,645,362
Other receivables	-	-	-	1,774,616	-	1,774,616
Cash and bank balances	95,131,740	-	95,131,740	14,640,194	-	14,640,194
	<u>278,015,909</u>	<u>101,049,848</u>	<u>379,065,757</u>	<u>51,801,091</u>	<u>186,506,737</u>	<u>237,708,340</u>
(A)						
Financial liabilities						
Long term security deposits	-	-	-	-	1,406,020	1,406,020
Accrued and other liabilities	-	-	-	29,025,798	-	29,025,798
Unclaimed profit distributions	-	-	-	24,966,072	-	24,966,072
	-	-	-	53,991,870	1,406,020	55,397,890
(B)						
On-balance sheet gap						
	<u>278,015,909</u>	<u>101,049,848</u>	<u>379,065,757</u>	<u>(2,190,779)</u>	<u>185,100,717</u>	<u>182,217,450</u>
(A-B)						
						<u>561,975,695</u>

Notes to the Financial Statements

for the year ended June 30, 2021

2020	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
	Within one year	After one year	Sub total	Within one year	After one year	Sub total	
	Rupees						
Financial assets							
Diminishing Musharakah financing	3,277,233	41,962,848	45,240,081	-	-	-	45,240,081
Diminishing Musharakah financial installments receivable	926,161	-	926,161	-	-	-	926,161
Long term investments	-	-	-	-	214,847,570	214,847,570	214,847,570
Long term deposits	-	-	-	1,354,350	-	1,354,350	1,354,350
Investments	-	-	-	9,679,886	-	9,679,886	9,679,886
Ijarah rental receivables	-	-	-	1,143,002	-	1,143,002	1,143,002
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	-	51,563,753	15,436,906	-	15,436,906	67,000,659
	55,767,147	41,962,848	97,729,995	34,218,720	214,847,570	249,066,290	346,796,285
Financial liabilities							
Long term security deposits	-	-	-	6,572,950	7,058,520	13,631,470	13,631,470
Diminishing Musharakah	1,567,704	-	1,567,704	-	-	-	1,567,704
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
	1,567,704	-	1,567,704	38,754,172	7,058,520	45,812,692	47,380,396
On-balance sheet gap	49,996,049	41,962,848	96,162,291	(4,535,452)	207,789,050	203,253,598	299,415,889

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

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



Notes to the Financial Statements

for the year ended June 30, 2021

34 SEGMENT INFORMATION

	2021					
	Diminishing Musharaka financing	Investments	Ijarah operations	Rental property	Others	Total
	Rupees					
Segment Revenues	7,665,645	19,337,611	6,445,973	10,999,892	11,062,166	55,511,287
Segment Results						
Segment income	7,665,645	19,337,611	6,445,973	10,999,892	-	44,449,121
Other income	-	-	-	-	11,062,166	11,062,166
Operating expenses	-	-	(2,605,057)	(1,767,422)	-	(4,372,479)
"Unallocated operating expenses"	-	-	-	-	(36,707,150)	(36,707,150)
Unrealized gain	-	19,677,567	-	-	-	19,677,567
Management fees	-	-	-	-	(3,410,923)	(3,410,923)
SST on management fees	-	-	-	-	(443,420)	(443,420)
Profit for the year	<u>7,665,645</u>	<u>39,015,178</u>	<u>3,840,916</u>	<u>9,232,470</u>	<u>(29,499,327)</u>	<u>30,254,882</u>
Other information						
Capital expenditure	-	-	-	-	8,998,339	8,998,339
"Depreciation and amortization"	-	-	2,605,055	1,767,422	4,875,837	9,248,314
Assets and liabilities						
Segment assets	134,533,505	367,235,608	1,809,877	134,321,080	-	637,900,070
Unallocated assets	-	-	-	-	158,071,786	158,071,786
Total assets	<u>134,533,505</u>	<u>367,235,608</u>	<u>1,809,877</u>	<u>134,321,080</u>	<u>158,071,786</u>	<u>795,971,856</u>
Segment liabilities	-	-	1,406,020	6,000,000	-	7,406,020
Unallocated liabilities	-	-	-	-	174,227,300	174,134,316
Total liabilities	<u>-</u>	<u>-</u>	<u>1,406,020</u>	<u>-</u>	<u>174,227,300</u>	<u>181,540,336</u>



Notes to the Financial Statements

for the year ended June 30, 2021

	2020				
	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
Segment Results					
Segment income	9,873,293	4,320,189	11,462,850	12,500,000	-
Other income	-	-	-	-	8,763,897
Operating expenses	-	-	(8,624,589)	(3,702,082)	-
"Unallocated operating expenses"	-	-	-	-	(37,951,703)
Unrealized gain	-	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)
Other information					
Capital expenditure	-	-	-	476,385	939,320
Depreciation	-	-	8,624,589	3,702,082	7,958,174
Assets and liabilities					
Segment assets	46,166,243	224,527,456	13,255,161	70,696,842	-
Unallocated assets	-	-	-	-	177,896,866
Total assets	46,166,243	224,527,456	13,255,161	70,696,842	177,896,866
Segment liabilities	-	-	13,631,470	-	1,567,704
Unallocated liabilities	-	-	-	-	34,837,940
Total liabilities	-	-	13,631,470	-	36,405,644



Notes to the Financial Statements

for the year ended June 30, 2021

	2021	2020
35 NUMBER OF EMPLOYEES		
Total employees as at the year end	<u>21</u>	<u>21</u>
Average employees during the year	<u>21</u>	<u>21</u>

36 CORRESPONDING FIGURES

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

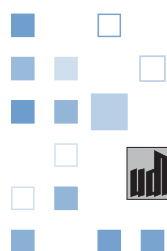
37 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed cash dividend for the year ended June 30, 2021 of Rs. 1.10 per certificate i.e. 11% (2020: bonus in the proportion of 01 certificate for every 10 certificates i.e. 10%) held at their meeting held on 29th September 2021. The financial statements for the year ended June 30, 2021 do not include the effect of the above which will be accounted for in the period in which it is declared.

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 29th September 2021 by the Board of Directors of the 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
Majid Hasan



First UDL Modaraba

Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2021

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
686	1	to 100	28,186
812	101	to 500	200,669
349	501	to 1000	255,646
993	1001	to 5000	1,966,380
162	5001	to 10000	1,148,504
83	10001	to 15000	1,041,063
35	15001	to 20000	628,278
39	20001	to 25000	890,369
22	25001	to 30000	608,856
14	30001	to 35000	468,129
11	35001	to 40000	418,286
9	40001	to 45000	386,572
6	45001	to 50000	284,441
6	50001	to 55000	316,849
3	55001	to 60000	174,019
2	60001	to 65000	124,496
6	65001	to 70000	401,620
4	70001	to 75000	293,241
1	75001	to 80000	78,500
2	80001	to 85000	168,504
3	85001	to 90000	265,595
2	90001	to 95000	183,765
5	95001	to 100000	484,917
2	100001	to 105000	209,000
4	105001	to 110000	438,112
2	110001	to 115000	225,739
1	130001	to 135000	134,410
1	135001	to 140000	135,500
2	150001	to 155000	307,065
1	155001	to 160000	159,054
1	165001	to 170000	167,706
1	190001	to 195000	191,450
1	200001	to 205000	200,090
1	205001	to 210000	208,643
1	210001	to 215000	211,024
1	225001	to 230000	226,270
1	270001	to 275000	274,000
1	295001	to 300000	296,421
1	305001	to 310000	306,000
1	325001	to 330000	328,757
1	350001	to 355000	351,912
1	380001	to 385000	385,000
1	440001	to 445000	441,073
1	450001	to 455000	452,540
1	465001	to 470000	470,000
1	585001	to 590000	589,326
1	730001	to 735000	732,050
2	995001	to 1000000	1,996,500
1	1995001	to 2000000	1,997,032
1	2015001	to 2020000	2,015,255
1	4275001	to 4280000	4,279,953
1	6570001	to 6575000	6,573,781
<u>3291</u>			<u>35,120,548</u>



Categories of Certificate Holders

As at June 30, 2021

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage (%)
Directors and their spouse(s) and minor children			
MAJID HASAN	1	3,969	0.01
SHUJA MALIK	1	2,015,255	5.74
Associated Companies, undertakings and related parties			
SHAHIDA MALIK	1	1,999,694	5.70
KHALID MALIK	1	4,664,953	13.28
SUNYA AHMED	1	998,250	2.84
KOMAL MALIK	1	998,250	2.84
TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	1	167,706	0.48
UDL MODARABA MANAGEMENT (PVT) LTD	1	6,573,781	18.72
NIT & ICP	1	5,842	0.02
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	8	7,858	0.02
Insurance Companies	1	441,073	1.26
Modarabas and Mutual Funds	10	391,589	1.11
General Public			
a. Local	3226	14,439,980	41.11
b. Foreign	1	1,500	0.00
Foreign Companies	1	2,863	0.01
Others	34	240,798,5	6.86
	3291	35,120,548	100.00

Certificate holders holding 5% or more

	Shares Held	Percentage
KHALID MALIK	4,664,953	13.28
UDL MODARABA MANAGEMENT (PVT) LTD	6,573,781	18.72
SHAHIDA MALIK	1,999,694	5.70
SHUJA MALIK	2,015,255	5.74