



Pakistan

# ANNUAL REPORT 2007 - 2008

*Spirit of Growth*



UNITED DISTRIBUTORS PAKISTAN LIMITED



## DIRECTORS REPORT TO THE SHAREHOLDERS

The Board of Directors of United Distributors Pakistan Limited (UDPL) are pleased to present the 26th Annual Report and Audited Accounts of the Company for the year ending June 30, 2008. The report covers UDPL activities for the year 2007-08 and describes the financial, operating and social performance of the company.

The Director Report is prepared under section 236 of the Companies Ordinance, 1984 and Clause XIX of the Code of Corporate Governance.

### OPERATING AND FINANCIAL RESULTS

Following is the summary of comparative financial results:

	2008 Rupees	2007 Rupees (Re-States)	Percentage Increase
Sales (net of sales tax & discounts)	504,512,961	257,366,021	96.03%
Profit before tax	22,306,703	3,191,036	599.04%
Profit after taxation	14,577,710	4,928,006	195.81%
EPS (in Rupees)	<b>2.01</b>	<b>0.68</b>	

### Overview:

The overall performance of the Company for the year 2008 under review recorded an annual turnover of Rs. 504.51 million as compared to Rs. 257.36 million over the same period last year, showing a significant improvement of 96.03%, which is highly encouraging. The healthy growth in sales recorded were due to the specific expansion plans, which the Company had chartered last year through investment made in human and financial resources.

Pesticides still make up a majority of sales for UDPL however we are slowly growing in sales of agricultural seeds and micronutrients as well. We currently handle the crop protection business of **DUPONT (USA)** in Pakistan and continue to provide distribution and warehousing services to **FMC United** products.

The profitability of the Company has also shown a significant growth as compared to last year. This is mainly due to an increase in sales turnover and increasing efficiency in our distribution set-up.

### **Challenges and Prospects**

The worldwide crop protection industry is facing the challenge of rising prices of raw material. The Company is confronting this and the rise in the cost of doing business by enhancing its efforts in field activities to drive its sales. We are also looking at adding on new business within the field of agriculture to further enhance sales and profitability.

### **Corporate Social Responsibility (CSR)**

The Company efforts focused on the areas of health and education by support to employees and other stakeholders. Food support was also provided to eligible employees of the company in order to compensate the current inflation rate.



## DIRECTORS REPORT TO THE SHAREHOLDERS

### Future Outlook

We have a promising and diverse plan for the Company that includes expanding in to other areas in the agriculture industry including seeds and micronutrients marketing and veterinary related items. For our crop protection business we are concentrating on branding the generic products that we sell to increase our profitability and create better goodwill in the market. We are continuing to add products in the gaps of our portfolio through our own product registrations as well as representing products of other companies, multinationals and local.

### Earning per Share:

The earning per share for the period under review is Rs. 2.01 as compared to Rs. 0.68 (Restated) in the preceding year.

### Summary of key operating and financial data of six years at a glance

A summary of key operating and financial results for the six years is included in the financial results for the year under review.

		2007-2008	Restated 2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Net Sales	Rs. Million	504.51	257.37	100.40	79.10	64.42	37.89
Cost of Sales	Rs. Million	(389.80)	(198.38)	(79.80)	(57.89)	(47.94)	(27.66)
Gross Profit	Rs. Million	114.71	58.98	20.60	21.21	16.49	10.23
%age of Sales	Rs. Million	22.74%	22.92%	20.51%	26.81%	25.60%	27.00%
Profit after tax	Rs. Million	14.57	4.93	(11.40)	1.95	4.40	2.48
Dividend Amount	Rs. Million	-	-	-	-	6.60	6.60
Percentage					-	0.10	0.10
Earning per share		2.01	0.68	(1.60)	0.27	0.67	0.38

### APPROPRIATIONS

Last year the Company did not pay any appropriations to its shareholders. This year, it has been recommended by the Board of Directors to issue Bonus Shares in the proportion of 15 shares for every 100 shares held i.e. 15% for the year ended June 30, 2008.



## DIRECTORS REPORT TO THE SHAREHOLDERS

### Significant Plans and Deceisions:

For cost effectiveness and timely availability of quality products, we planned to set up our own Granular Plant for production of some specialized products. This will also facilitate a substantial cost reduction and would be expected to improve overall profitability of the Company.

### EMPLOYEE'S BENEFIT SCHEMES

The Company is operating a funded Provident Fund and an unfunded Gratuity Fund. The provident fund has been appropriately invested in the Government securities and is audited annually by independent auditors.

### Board of Directors:

During the year the election of directors took place on May 15, 2008 and following persons were elected as directors for the term of three years.

1. Mr. Rashid Abdulla
2. Mr. Khalid Malik
3. Mr. Asad Abdulla
4. Mr. Munis Abdulla
5. Mr. Ayaz Abdulla
6. Mr. Zubair Razzak Palwala
7. Mr. Abdullah Ghulamali (NIT Nominee)

The Company would like to express its gratitude to the shareholders, bankers and other stakeholders for their continued support and encouragement. We would also like to place on record our appreciation of the valuable services rendered by the employees of the Company. Furthermore we would like to extend our gratitude to Mr. Tahir Saeed, Mr. Tariq Ismail, Mr. Arshad Abdulla and Mr. Shahid Abdulla who have resigned as Directors due to other engagements and we welcome in their place, Mr. Zubair Razzak Palwala, Mr. Asad Abdulla, Mr. Ayaz Abdulla and Mr. Munis Abdulla on joining the Board.

### Meeting of the Board of Directors:

In 2007-2008, the Board of Directors held 6 meetings and attendance record of the Directors is as follows:

<u>Name of Directors</u>	<u>No. of Meetings attended</u>
1. Mr. Rashid Abdulla	5
2. Mr. Khalid Malik	3
3. Mr. Arshad Abdulla (Retired)	2
4. Mr. Shahid Abdulla (Retired)	1
5. Mr. Abdullah Ghulamali	6
6. Mr. Asad Abdulla (Appointed)	6
7. Mr. Zubair Razzak Palwala (Appointed)	6

Leaves of absence were granted to the Directors who could not attend some of the Board Meetings.



## DIRECTORS REPORT TO THE SHAREHOLDERS

### Statement in compliance of the Code of Corporate Governance:

#### The directors state that:

- a. The financial statements prepared by the management present a true and fair state of affairs of the company, the results of its operations, cash flows & changes in equity.
- b. Proper books of accounts have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There is no significant doubt upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

### Development and Diversification:

The Company is constantly devoting its time and effort in the research and development to bring improvement in its existing products and to introduce new and diversified products in the future.

### Audit Committee

The Board of Directors in compliance to the code of corporate governance has established an Audit Committee and the following Non Executive Directors are its members:

Mr. Khalid Malik	Chairman
Mr. Munis Abdulla	Member
Mr. Ayaz Abdulla	Member

The Committee held four meetings during the year an independent internal audit function reporting to the Board's Audit Committee reviews risk and controls across the organization.

### Auditors

The present auditors, Mehmood Idrees Qamar & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2008-09.

### Pattern of Shareholding:

The statement of pattern of shareholding as at June 30, 2008 is annexed at page No. 42 of this report.

For and on behalf of the Board

Rashid Abdulla  
Chief Executive

Karachi : September 26, 2008



## BALANCE SHEET

AS AT JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>EQUITY AND LIABILITIES</b>			
Share Capital	4	72,600,000	72,600,000
General Reserves		30,000,000	30,000,000
Unappropriate Profit		28,924,160	14,346,450
		<u>131,524,160</u>	<u>116,946,450</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Liabilities against assets subject to finance leases	5	7,112,889	13,766,762
Deferred Employee Benefits - Staff Gratuity	6	3,027,102	2,044,242
Deferred Taxation	7	13,532,392	9,801,545
		<u>23,672,383</u>	<u>25,612,549</u>
<b>CURRENT LIABILITIES:</b>			
Current portion of liabilities against assets subject to finance leases	5	8,082,559	6,484,302
Trade and other payables	8	300,347,143	185,356,258
Short term Borrowings - (Secured)	9	40,000,000	20,000,000
Provision for Taxation		6,743,352	2,745,206
		<u>355,173,054</u>	<u>214,585,766</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>510,369,597</b></u>	<u><b>357,144,765</b></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, Plant & Equipment	11	39,574,341	32,338,355
Long term investments in associated companies	12	149,304,579	57,480,174
Long term lease deposits		1,367,750	1,445,150
Long term loans - Unsecured	13	74,750	57,908
		<u>190,321,420</u>	<u>91,321,587</u>
<b>CURRENT ASSETS:</b>			
Stock-in-Trade	14	271,235,550	128,294,454
Trade debts (Secured)	15	4,345,627	3,793,870
Advance income tax		22,518,084	15,147,666
Advances, deposits, prepayments and other receivables	16	18,670,350	38,374,381
Short term loan (Unsecured)	17	-	70,000,000
Cash and bank balances	18	3,278,566	10,212,807
		<u>320,048,177</u>	<u>265,823,178</u>
<b>TOTAL ASSETS</b>		<u><b>510,369,597</b></u>	<u><b>357,144,765</b></u>

The annexed notes 1 to 33 form an integral part of these financial statements

  
Khalid Malik  
Director

  
Rashid Abdulla  
Chief Executive



## PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
Net Sales	19	504,512,961	257,366,021
Cost of good sold	20	(389,802,642)	(198,384,289)
Gross Profit		114,710,319	58,981,732
Distribution fees for handling of products		28,489,694	25,685,201
		143,200,013	84,666,933
Selling and Distribution expenses	21	(114,365,770)	(76,143,129)
Administrative and General expenses	22	(15,114,821)	(11,276,259)
		(129,480,591)	(87,419,388)
Other Income	23	13,105,559	14,023,446
Operating profit		26,824,981	11,270,991
Finance costs	24	(12,253,657)	(10,304,003)
Share of profit / (loss) of associates	12	7,735,378	2,224,048
Profit before taxation		22,306,702	3,191,036
Taxation	25	(7,728,993)	1,736,970
Profit after taxation		<b>14,577,710</b>	<b>4,928,006</b>
Earning per share - Basic and diluted		<b>2.01</b>	<b>0.68</b>

The annexed notes 1 to 33 form an integral part of these financial statements

Khalid Malik  
Director

Rashid Abdulla  
Chief Executive