



Pakistan



Spirit of
Growth



Quarter **Report**

For the 1st Quarter ended

2020

September 30, 2020 [un-audited]

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Company Information

Board of Directors

Mr. Rashid Abdulla
Chairman

Mr. Asad Abdulla
Chief Executive Officer

Ms. Aisha Zaid Zakaria
Director

Mr. Ayaz Abdulla
Director

Mr. S. Nadeem Ahmed
Director

Mr. Tahir Saeed
Director

Mr. M. Salman Hussain Chawala
Director

Audit Committee

Mr. Tahir Saeed
Chairman

Mr. M. Salman Hussain Chawala
Member

Mr. Ayaz Abdulla
Member

Auditors

A. F. Ferguson & Co.,
Chartered Accountants
State Life Building No. 1-C, I.I.
Chundrigar road, P.O. Box 4716,
Karachi - 74000, Pakistan

Registered Office

United Distributors Pakistan Limited
9th Floor, NIC Building, Abbasi
Shaheed Road, Off: Shahrah-e-Faisal,
Karachi
Web: www.udpl.com.pk
email: info@udpl.com.pk

Company Secretary

Mr. M. Imran
Company Secretary

CFO

Mr. Sohail Hasnain Ahmed
Chief Financial Officer

Legal Advisor

M/s. Saleem & Khan
Law Associates Advocate/
Advisors

HR & Remuneration Committee

Mr. M. Salman Hussain Chawala
Chairman

Mr. Asad Abdulla
Member

Mr. Ayaz Abdulla
Member

Bankers

Standard Chartered Bank Pakistan
Habib Metropolitan Bank Limited
Habib Bank Limited
Bank Al Habib Limited
Silk Bank Limited
MCB Bank Limited
AL-Baraka Bank (Pakistan) Limited

Registrar

Central Depository Company of
Pakistan Ltd.
CDC House # 99-B, Block 'B'
S.M.C.H.S, Main Shahrah-e-Faisal,
Karachi

Directors' Report

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the first quarter ended September 30, 2020.

* اُردو کے لئے آخری صفحہ ملاحظہ فرمائیے۔

The Company able to improve its financial performance significantly during the first quarter ended on September 30, 2020.

The Financial charges have fallen by 21% due to decrease in borrowing rate.

FINANCIAL PERFORMANCE

	JULY - SEPTEMBER	
	2020	2019
	(Rupees in '000)	
Net Sales	160,829	179,848
Gross profit	65,118	63,950
Profit from operations	16,910	23,545
Profit before taxation	20,265	29,667
Profit after taxation	15,787	24,516
Basic and diluted EPS (Rs.)	0.45	0.70

The net sales of the Company amounted to Rs 161 million, registering a decrease of 11% over the corresponding period of the last year. The declining in sales occurred due to lower offtake of pesticides products for the period under review.

The gross profit of the Company grown by 2% as compared to the same period last year. The Company gross margin stood at 40% as compared with 36% same period last year. The distribution & marketing and administrative expenses increased by 6% due to inflation.

For and on behalf of the Board



ASAD ABDULLA
Chief Executive Officer

Karachi: October 27, 2020



TAHIR SAEED
Director

FUTURE OUTLOOK

We aim to keep our journey for the betterment of farmers through the best services and high-quality solutions to enable them in getting the best crop yields and healthy food for human beings. We anticipate the Company continues to face challenges of escalation in cost owing to inflation and product price hike which may have dilution in gross margins and may impact on profitability of the Company. Notwithstanding, the management of the Company would continue its efforts to improve productivity, cost containment and operational excellence in order to sustain the positive bottom line and fuel the growth.

ACKNOWLEDGEMENTS

The Directors would like to express their gratitude to the Customer, Bankers and other Stakeholders for their continued support and encouragement and also place on record the appreciation of the valuable services rendered by the employees of the Company.



Financial
Statements

Condensed Interim Statement of Financial Position

As at September 30, 2020
(Un-audited)

		September 30, 2020	(Audited) June 30, 2020
Note ----- (Rupees in '000') -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	36,598	37,080
Intangible assets		4,054	4,637
Investment in associate	6	775,552	768,530
Long-term investments	7	1,753,061	1,376,229
Long-term loans		-	-
Long-term deposits		3,122	3,122
		2,572,387	2,189,598
CURRENT ASSETS			
Inventories		219,418	265,925
Trade and other receivables	8	182,246	150,123
Loans, advances and prepayments		4,451	2,684
Current tax asset		20,955	37,519
Cash and bank balances		17,373	3,585
		444,443	459,836
TOTAL ASSETS		3,016,830	2,649,434
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid up capital		352,713	352,713
Revenue Reserve			
Un-appropriated profits		575,628	559,841
General reserve		28,548	28,548
		604,176	588,389
Revaluation reserve on investment held at fair value through OCI		1,661,516	1,284,684
		2,618,405	2,225,786
NON-CURRENT LIABILITIES			
Liabilities against assets subject to diminishing musharakah financing arrangement		7,002	5,632
Long-term lease liability		8,531	9,916
Long-term portion of Salary refinancing		10,282	10,282
Deferred tax liability		68,043	65,977
		93,858	91,807
CURRENT LIABILITIES			
Trade and other payables	9	195,687	245,937
Current portion of liabilities against assets subject to finance lease		5,520	5,897
Current portion of long-term lease liability		6,765	7,324
Short-term borrowings		95,694	71,782
Unclaimed dividend		901	901
		304,567	331,841
TOTAL LIABILITIES		398,425	423,648
COMMITMENTS			
Total equity and liabilities	10	3,016,830	2,649,434

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



ASAD ABDULLA
Chief Executive Officer



TAHIR SAEED
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Profit or Loss Account

for the Quarter ended September 30, 2020
(Un-audited)

		QUARTER ENDED	
		September 30, 2020	September 30, 2019
	Note	(Rupees in '000')	
Revenue	11	160,829	179,848
Cost of sales		(95,711)	(115,898)
Gross profit		65,118	63,950
Marketing and distribution expenses		(41,968)	(38,630)
Administrative and general expenses		(7,619)	(8,255)
Other operating expenses		(225)	(184)
Other income		1,604	6,664
Profit from operations		16,910	23,545
Finance cost		(3,667)	(4,620)
Share of profit from associate		7,022	10,742
Profit before income tax		20,265	29,667
Income tax expense		(4,478)	(5,151)
Profit after taxation		15,787	24,516
Basic and diluted earnings per share (Rupees)		Rs. 0.45	(Restated) Rs. 0.70

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



ASAD ABDULLA
Chief Executive Officer



TAHIR SAEED
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

for the Quarter ended September 30, 2020
(Un-audited)

Profit for the period

OTHER COMPREHENSIVE INCOME/(LOSS):

Items that will not be subsequently reclassified to profit or loss

Change in fair value of investments carried at fair value through OCI

Total comprehensive income / (loss) for the period

QUARTER ENDED	
September 30, 2020	September 30, 2019
----- (Rupees in '000') -----	
15,787	24,516
376,832	(64,714)
392,619	(40,198)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



ASAD ABDULLA
Chief Executive Officer



TAHIR SAEED
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Cash Flows

for the Quarter ended September 30, 2020
(Un-audited)

		September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES	Note	----- (Rupees in '000') -----	
Cash (used in) operations	12	(15,861)	(20,641)
Income tax refund / (paid)		14,152	(1,133)
Finance cost paid		(3,061)	(1,856)
Decrease in long-term loans		-	204
Net cash (used in) operating activities		(4,770)	(23,426)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(3,797)	(73)
Net cash (used in) investing activities		(3,797)	(73)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short Term Loan obtained		18,246	23,613
Rental paid		(2,550)	-
Increase/(decrease) of liabilities against assets subject to finance lease		992	(1,801)
Net cash generated from financing activities		16,688	21,812
Net increase / (decrease) in cash and cash equivalents		8,121	(1,687)
Cash and cash equivalents at beginning of the period		(32,909)	(60,608)
Cash and cash equivalents at the end of period	13	(24,788)	(62,295)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



ASAD ABDULLA
Chief Executive Officer



TAHIR SAEED
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the Quarter ended September 30, 2020
(Un-audited)

	Share Capital Issued, subscribed and paid up capital	REVENUE RESERVE		Revaluation reserve on investments held at fair value through OCI	Total
		General Reserve	Unappropriated Profit		
----- (Rupees in '000') -----					
Balance as at July 1, 2019	306,707	28,548	847,722	1,111,511	2,294,488
Profit for the quarter ended September 30, 2019	-	-	24,516	-	24,516
Other comprehensive loss for the quarter ended September 30, 2019	-	-	-	(64,714)	(64,714)
Total comprehensive income/(loss)	-	-	24,516	(64,714)	(40,198)
Balance at September 30, 2019	306,707	28,548	872,238	1,046,797	2,254,290
Balance as at July 1, 2020	352,713	28,548	559,841	1,284,684	2,225,786
Profit for the quarter ended September 30, 2020	-	-	15,787	-	15,787
Other comprehensive income	-	-	-	376,832	376,832
Total comprehensive income	-	-	15,787	376,832	392,619
Balance at September 30, 2020	352,713	28,548	575,628	1,661,516	2,618,405

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



ASAD ABDULLA
Chief Executive Officer



TAHIR SAEED
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Notes to the Condensed Interim Financial Information

for the Quarter ended September 30, 2020
(Un-audited)

1. THE COMPANY AND ITS OPERATIONS

In 2011, the IBL Group decided to adopt the holding company structure wherein International Brands Limited holds at least 55% shareholding in all the subsidiary companies. This restructuring was undertaken to provide the platform to manage the long term Group expansion strategy, corporate compliance, operational efficiency, financial arrangements and tax benefits, thereby, resulting in improved returns to the shareholders.

In 2011, the IBL Group decided to adopt the holding company structure wherein International Brands Limited holds at least 55% shareholding in all the subsidiary companies. This restructuring was undertaken to provide the platform to manage the long term Group expansion strategy, corporate compliance, operational efficiency, financial arrangements and tax benefits, thereby, resulting in improved returns to the shareholders.

After the approval of the scheme of Arrangement by the Honourable High Court of Sindh on May 25, 2011, International Brands Limited became the Group holding company. The operating activities of the Company were transferred to IBL Operations (Private) Limited and separate books were opened effective July 01, 2011. As a consequence of the above restructuring, United Distributors Pakistan Limited received 5,504,149 shares of International Brands Limited (the holding company) which are held on the statement of financial position under long term investments.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the quarter ended September 30, 2020 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Notes to the Condensed Interim Financial Information

for the Quarter ended September 30, 2020
(Un-audited)

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) September 30, 2020	(Audited) June 30, 2020
Note	----- (Rupees in '000') -----		
Operating fixed Assets	5.1	23,307	21,659
Right-of-use assets		13,291	15,421
		<u>36,598</u>	<u>37,080</u>

5.1. Addition / Disposal

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Rupees in '000') -----			
Plant and Machinery	277	-	-	-
Computers	-	-	-	-
Office Equipment	-	73	-	-
Furniture and Fixtures	-	-	-	-
Vehicles	3,520	-	-	-
	<u>3,797</u>	<u>73</u>	<u>-</u>	<u>-</u>

6. INVESTMENT IN ASSOCIATE

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	----- (Rupees in '000') -----	
— FMC United (Private) Limited		
Balance at beginning of the period	768,530	1,131,793
Share of profit for the period	7,022	(313,607)
IFRS 9 transition	-	(28,320)
Share of other comprehensive loss for the period	-	(13,139)
Less: Dividend income for the period	-	(8,197)
Balance at end of the period	<u>775,552</u>	<u>768,530</u>

- 6.1. This represent shareholding of 40% (June 2020: 40%) comprising of 1,639,418 shares (June 2020: 1,639,418 shares) original cost of the shares was Rs. 16.39 million.

Notes to the Condensed Interim Financial Information

for the Quarter ended September 30, 2020
(Un-audited)

7. LONG TERM INVESTMENTS

Investments held at fair value through OCI

- IBL HealthCare Limited - Listed note 71
1,215,135 (June 30, 2020: 1,215,135)
fully paid ordinary shares of Rs. 10 each
Percentage holding 2.19% (June 30, 2020: 2.19%)
Cost: Rs. 7,882,580
(June 30, 2020: Rs. 7,882,580)
- International Brands Limited (Holding Company) - Unlisted - note 71
11,079,852 (June 30, 2020: 11,079,852)
fully paid ordinary shares of Rs. 10 each
Percentage holding 4.71% (June 30, 2020: 4.71%)
Cost: Rs. 83,663,056
(June 30, 2020: Rs. 83,663,056)

(Un-audited)
September 30,
2020

(Audited)
June 30,
2020

----- (Rupees in '000) -----

104,210	94,112
1,648,851	1,282,117
1,753,061	1,376,229

- 7.1. Shares held as at September 30, 2020 include 31,343 shares (June 30, 2020: 31,343 shares) of IBL HealthCare Limited and 184,665 shares (June 30, 2020: 184,665 shares) of International Brands Limited withheld by respective company at the time of bonus declaration. The Company has included these shares in its portfolio pending decision of the Honourable High Court of Sindh on petitions filed by the Company in respect of tax on bonus shares.

8. TRADE AND OTHER RECEIVABLES

These include Rs. Nil (June 2020: Rs. Nil) receivables from related parties.

9. TRADE AND OTHER PAYABLES

These include Rs. 5.1 million (June 2020: Rs. 5.7 million) payables to related parties.

10. COMMITMENTS

The facilities for opening letters of credit as at September 30, 2020 amounted to Rs. 300 million (June 30, 2020: Rs. 300 million). The amount remaining unutilised as at September 30, 2020 is 156.17 million (June 30, 2020: Rs. 139.89 million).

Notes to the Condensed Interim Financial Information

for the Quarter ended September 30, 2020
(Un-audited)

11. REVENUE

Gross Sales

Less:

- trade discounts
- sales return

Less: Sales tax

(Unaudited)
September 30,
2020

(Unaudited)
September 30,
2019

(Rupees in '000')	
170,139	199,011
(382)	(11,817)
(7,679)	(6,183)
162,078	181,011
(1,249)	(1,163)
160,829	179,848

12. CASH (USED IN)/GENERATED FROM OPERATIONS

Profit before income tax

Adjustment for non-cash incomes and expenses:

- Depreciation and amortisation
- Finance cost
- Share of profit from associate

Profit before changes in working capital

Changes in Working Capital:

Decrease / (increase) in current assets:

- Inventories
- Trade and other receivables
- Loans, advances and prepayments

Increase / (decrease) in current liabilities

- Trade and other payables
- Unclaimed Dividend

Cash (used in) operations

(Unaudited)
September 30,
2020

(Unaudited)
September 30,
2019

(Rupees in '000')	
20,265	29,667
4,862	2,796
3,667	4,620
(7,022)	(10,742)
1,507	(3,326)
21,772	26,341
46,507	85,652
(32,123)	(26,619)
(1,767)	(2,024)
12,617	57,009
(50,250)	(103,991)
-	-
(15,861)	(20,641)

Notes to the Condensed Interim Financial Information

for the Quarter ended September 30, 2020
(Un-audited)

13. CASH AND CASH EQUIVALENTS

	(Unaudited) September 30, 2020	(Unaudited) September 30, 2019
----- (Rupees in '000') -----		
Cash and bank balances	17,373	3,972
Running finance under mark-up arrangement	(42,161)	(66,267)
	<u>(24,788)</u>	<u>(62,295)</u>

14. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the period:

Nature of relationship	Nature of transactions	September 30, 2020	September 30, 2019
----- (Rupees in '000') -----			
i. Holding company	Corporate service charges	-	1,500
	Payment on behalf of Holding Company	647	4,220
	Receipts from Holding Company	-	2,532
ii. Associated companies	Receipts from associated Company	-	-
	Warehouse rent	150	-
	Rent charged	260	-
	IT services	35	35
	Repairs and maintenance	113	-
	SAP ERP Implementation cost	-	-
iii. Employees' provident fund	Contribution paid	1,819	1,730
iv. Key management personnel	Salaries and other employee benefits	6,073	6,677
	Directors' fee	2	3

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue on October 27, 2020 by the Board of Directors of the Company.



ASAD ABDULLA
Chief Executive Officer



TAHIR SAEED
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

ڈائریکٹرز رپورٹ

یونائیٹڈ ڈسٹری بیوٹرز پاکستان لمیٹڈ (یو ڈی پی ایل) کے بورڈ آف ڈائریکٹرز کی جانب سے میں غیر آڈٹ شدہ غیر محصولاتی عبوری مالیاتی حسابات برائے پہلی سہ ماہی ختمہ ۳۰ ستمبر ۲۰۲۰ء پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

شرح سود میں کمی کی وجہ سے مالی اخراجات میں ۳۱ فیصد کمی ہوئی۔

کچھ ستمبر ۲۰۲۰ کو ختم ہونے والی پہلی سہ ماہی کے دوران اپنی مالی کارکردگی کو نمایاں طور پر بہتر کرنے میں کامیاب ہوئی۔

مستقبل پر ایک نظر

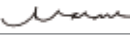
ہمارا غرض ہے کہ ہم مندر اور اعلیٰ معیاری مصنوعات متعارف کروا کر کسانوں کی فلاح و بہبود کا سفر جاری رکھیں گے تاکہ انہیں فصلوں سے بہترین پیداوار حاصل ہو اور انسانوں / شہریوں کو اعلیٰ معیاری غذا فراہم کر سکیں۔ اگرچہ زراعت کے میدان میں مسابقت شدت اختیار کر گئی ہے، لیکن کچھ ایسے اقدامات کر رہی ہے جس سے اس کی مسابقتی پوزیشن بہتر ہو جائے اور اپنی قوم میں اضافہ کر سکے۔

ہمیں امید ہے کہ کچھ بہترین ترشیم کش ادویات اور کھاد کی مصنوعات کا مرکب سامنے لائے گی۔ ہم اپنی مسلسل توجہ اور سرمایہ بنیادی قوتوں پر مرکوز رکھیں گے جیسے کہ ہماری ٹیم، نئے برانڈ، مصنوعات کی رجسٹریشن، کسٹمرز کی تعداد میں اضافہ اور کاروبار چلانے کے اخراجات میں کمی لائیں گی جس سے ہمیں پائیدار مروجہ حاصل ہوگی۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام کسٹمرز، ڈیلرز اور دیگر مستفیدان کا شکریہ ادا کرتا ہوں جنہوں نے نہ صرف ہم سے مسلسل تعاون کیا بلکہ ہماری حوصلہ افزائی بھی کی اور میں کچھ کے تمام ملازمین کی انتھک محنت کی قدر وائی کرتا ہوں۔


طاہر سعید
ڈائریکٹر


اسد علی اللہ
چیف ایگزیکٹو آفیسر

کراچی: ۱۲ اکتوبر ۲۰۲۰ء

برائے اور بورڈ کی جانب سے

جولائی - ستمبر	
2019	2020
----- (روپے ہزاروں میں) -----	
179,848	160,829
63,950	65,118
23,545	16,910
29,667	20,265
24,516	15,787
0.70	0.45

خالص فروخت
خام منافع
منافع آپریشنز
منافع قبل از ٹیکس
منافع بعد از ٹیکس
فی شخص منافع (روپے میں)

کچھ کی خالص فروخت ۱۶۱ ملین رہی جو کہ گزشتہ سال سے ۱۱ فیصد کمی رہی۔ کچھ کی خام منافع میں گزشتہ سال کی نسبت ۲ فیصد زیادہ اضافہ ہوا۔ خام منافع ۳۶ فیصد سے بڑھ کر ۳۹ فیصد ہو گیا۔ زیر جانہ عرصے میں زیادہ فروخت کی وجہ سے تقسیم، مارکیٹ اور انتظامی اخراجات میں ۶ فیصد زیادہ اضافہ ہوا۔

