



# **ANALYSIS OF FINANCIAL STATEMENTS OF UNILEVER PAKISTAN FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2010 & 2011 & 2012 AND OPINION OF SHAREHOLDERS REGARDING PERFORMANCE OF MANAGEMENT OF UNILEVER PAKISTAN**

A thesis  
Presented to  
The faculty of  
Management Sciences  
Bahria University Karachi Campus

---

In Partial Fulfillment  
of the Requirements for the  
Degree Master in Business Administration

---

**BY**  
**MUHAMMAD ALI**  
**Reg # 19133**  
**JULY, 2013**

## **ABSTRACT:**

FMCG Industry of Pakistan is growing over the past few years. All the FMCG Companies are using different strategies in order to compete efficiently in the market and increase their market share.

Unilever Pakistan Ltd. started its operation in Pakistan in the year 1958. It started its operations in Pakistan by setting up a vegetable oil factory in Rahim Yar Khan and it was the first manufacturing plant of Unilever in newly established Pakistan. Now, Unilever Pakistan is an established company. Unilever Pakistan has played a major role in the economic development of Pakistan.

Both exploratory and descriptive study has been undertaken to better understand the nature of the problem. A survey was conducted from the shareholders of Unilever Pakistan and ratio analysis of the audited financial statement for the year ended December 31<sup>st</sup> 2010, December 31<sup>st</sup> 2011 & December 31<sup>st</sup> 2012 was done to analyze the growth of Unilever Pakistan.

Unilever Pakistan is now mainly targeting the rural areas of Pakistan to double its market share because most of the population of Pakistan lives in the rural areas. Core competency of Unilever Pakistan is its distribution network and product quality. Most of the revenue is generated from Home and Personal Care Products. Other segments are also growing but the tea segment is suffering because UPL is losing its market share in this segment because of unethical practices from smugglers of tea in Pakistan.

## **ACKNOWLEDGEMENT:**

First of all I would like to thanks to Allah. By the grace of Allah I have been able to complete this report.

I would also like to thank my advisor Mr. Essa Khan for providing me guidance throughout the making of my thesis.

In would also like to thank my family and friends who have supported me and helped me with this arduous task.

## Contents

ABSTRACT: .....	6
ACKNOWLEDGEMENT: .....	7
DEDICATION.....	8
CHAPTER #1 .....	14
BACKGROUND AND STATEMENT OF PROBLEM.....	14
INTRODUCTION .....	16
Unilever Pakistan Limited .....	16
MARKET POSITION .....	17
HISTORY .....	18
INTRODUCTION OF THE TOPIC .....	19
1) LIQUIDITY RATIOS .....	19
2) PROFITABILITY RATIOS:.....	19
3) ACTIVITY RATIOS .....	20
4) FINANCIAL LEVERAGE RATIOS .....	20
5) SHARE HOLDER'S RATIOS .....	21
PROBLEM STATEMENT .....	21
SIGNIFICANCE OF STUDY: .....	22
SCOPE AND DELIMITATIONS: .....	22
CHAPTER #2 .....	23
RESEARCH METHOD & PROCEDURE.....	23
RESEARCH DESIGN AND METHODS .....	24
PURPOSE OF THE STUDY .....	24
TYPE OF THE STUDY .....	24
EXTENT OF RESEARCHER INTERFERENCE .....	24
STUDY SETTING .....	24
UNIT OF ANALYSIS .....	25
TIME HORIZON.....	25
RESPONDENT OF THE STUDY .....	25
RESEARCH INSTRUMENTS.....	25
QUESTIONNAIRE .....	25
OBSERVATION .....	26
INTERNET .....	26
MAGAZINES& NEWS PAPERS .....	26
BOOKS .....	26
SOURCES OF DATA .....	27
Primary Data .....	27
Secondary Data .....	27
TREATMENTS OF DATA .....	27
PRESENTATION ANALYSIS .....	27
CHAPTER # 3 .....	28
REVIEW OF RELATED LITERATURE & STUDIES .....	28
FOREIGN LITERATURE .....	29

PERFORMANCE OF UNILEVER INTERNATIONAL IN 2010 .....	29
HIGHLIGHTS .....	29
MESSAGE BY CEO .....	29
PERFORMANCE OF UNILEVER INTERNATIONAL IN 2011 .....	30
PRESENTATION BY PAUL POLMAN, CEO .....	30
LOCAL LITERATURE .....	31
FMCG INDUSTRY OF PAKISTAN .....	31
Playing for Keeps: Shareholders Revolt Against Unilever Pakistan Delisting .....	32
Consumer goods firms raking in profit.....	33
Delisting of UPL from All the Stock Exchanges of Pakistan.....	34
COMPANY LITERATURE .....	35
DIRECTORS REPORT FOR THE YEAR ENDED DECEMBER 31 <sup>ST</sup> 2010.....	35
SUMMARY OF BUSINESS PERFORMANCE FOR THE YEAR 2011 .....	37
SUMMARY OF BUSINESS PERFORMANCE FOR THE YEAR 2012 .....	41
OPERATIONAL HIGHLIGHTS .....	41
CHAPTER # 4 .....	43
PRESENTATION ANALYSIS .....	43
QUESTIONS .....	44
Question # 1 .....	44
Graphical Representation.....	44
Interpretation.....	44
Analysis .....	44
Question # 2 .....	45
Graphical Representation.....	45
Interpretation.....	45
Analysis .....	45
Question # 3 .....	46
Graphical Representation.....	46
Interpretation.....	46
Analysis .....	46
Question # 4 .....	47
Graphical Representation.....	47
Interpretation.....	47
Analysis .....	47
Question # 5 .....	48
Graphical Representation.....	48
Interpretation.....	48
Analysis .....	48
QUESTION # 6 .....	49
Graphical Representation.....	49
Interpretation.....	49
Analysis .....	49
QUESTION # 7 .....	50
Graphical Representation.....	50
Interpretation.....	50
Analysis .....	50

QUESTION # 8 .....	51
Graphical Representation.....	51
Interpretation.....	51
Analysis .....	51
QUESTION # 9 .....	52
Graphical Representation.....	52
Interpretation.....	52
Analysis .....	52
QUESTION # 10 .....	53
Graphical Representation.....	53
Interpretation.....	53
Analysis .....	53
QUESTION # 11 .....	54
Graphical Representation.....	54
Interpretation.....	54
Analysis .....	54
RATIO ANALYSIS FOR THE YEAR ENDED DECEMBER 31 <sup>ST</sup> 2010 & 2011 & 2012 .....	55
LIQUIDITY RATIOS.....	55
CURRENT RATIO.....	55
QUICK RATIO.....	55
PROFITABILITY RATIOS .....	56
GROSS PROFIT MARGIN.....	56
OPERATING PROFIT MARGIN.....	56
NET PROFIT MARGIN.....	56
ACTIVITY RATIOS .....	57
INVENTORY TURNOVER .....	57
RECEIVABLE TURNOVER.....	57
TOTAL ASSET TURNOVER .....	58
FINANCIAL LEVERAGE RATIOS .....	58
TOTAL DEBT TO ASSETS .....	58
DEBT TO EQUITY .....	59
INTEREST COVER .....	59
SHARE HOLDER'S RATIO .....	60
EARNING PER SHARE.....	60
DIVIDEND PER SHARE .....	60
DIVIDEND PAYOUT RATIO .....	60
DIVIDEND COVER .....	61
CHAPTER # 5 .....	62
SUMMARY OF FINDINGS .....	62
CONCLUSION.....	63
RECOMMENDATIONS .....	65
BIBLIOGRAPHY .....	66
BOOKS & MAGAZINES.....	66
MAJOR SEARCH ENGINES .....	66
WEB SITES .....	67
APPENDIX.....	68

PERFORMANCE REVIEW OF UNILEVER PAKISTAN .....	68
QUESTIONNAIRE .....	68