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Company Information

Board of Directors

Mr. Akbarali Pesnani
Mr. Amer Faruque
Mr. Aslam Faruque
Mr. Azam Faruque
Mr. Shehryar Faruque
Mr. Arif Faruque
Mr. Tariq Faruque
Mr. Abrar Hasan
Mr. Abid Naqvi

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd.
Bank Alfalah Ltd.
Bank Al Habib Ltd.
BankIslami Pakistan Ltd.
Dubai Islamic Bank Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab.
United Bank Ltd.

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid A. Vazir

Audit Committee

Mr. Aslam Faruque
Mr. Shehryar Faruque
Mr. Tariq Faruque

Chairman
Member
Member

Human Resource and Remuneration Committee

Mr. Arif Faruque
Mr. Amer Faruque
Mr. Aslam Faruque

Chairman
Member
Member

Registered Office

1st Floor, Betani Arcade, Jamrud Road
Peshawar

Factory

Plot No. 26
Gadoon Amazai Industrial Estate
District Swabi
Khyber Pakhtunkhwa

Head Office

Modern Motors House
Beaumont Road
Karachi-75530

Regional Office

3, Sunder Das Road
Lahore

Islamabad Office

1st Floor,
Razia Sharif Plaza
Jinnah Avenue, 91-Blue Area

Share Registrar

Central Depository Company
of Pakistan Limited (CDC)
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400

Directors' Review

The Board of Directors presents the un-audited financial results of the company for the first quarter ended September 30, 2014.

Overview

Growth in the demand for cement and diversification into new markets is having a positive impact on the turnover of the company as sales of both paper and polypropylene bags have registered an increase during the quarter under review. Availability of enhanced production capacity for polypropylene bags, following the installation of second polypropylene bag making line also helped in achieving greater sales levels as the company continued to consolidate its position as the market leader in providing quality packaging solutions.

Operating performance

During the quarter under review, the sales revenue of the company increased by Rs. 240 million i.e. 22% from the corresponding period last year. Rise in the quantity of bags sold and adjustment in its selling price necessitated by rise in costs of production were the main factors behind the increase in the sales turnover of the company. During the period under review, inflationary trends were witnessed in costs of various input items like kraft paper and PP granules and hike in electricity tariff. However, through efficient management of resources and pursuance of aggressive marketing policies, the company was able to overcome the challenge and enhance sales volume. The company also concentrated on export of PP bags and was successful in making inroads in to new segments of PP bag market in Pakistan. Higher working capital requirements owing to increased business volumes and acquisition of long term loan for the new PP line led to increase in finance cost during the period. After taking into consideration above-mentioned factors, the company was able to make an after tax profit of Rs. 97.58 million for the quarter under review.

Future Prospects

Because of its superior quality, CPL has now become a supplier of choice for supply of both paper and polypropylene bags. The company is continuing to explore new markets for export of its PP bags and towards producing polypropylene bags for use in packaging of other products like sugar, wheat, chemicals etc. We are confident that these measures will drive the sales of the Company in the coming days. Additionally with cement demand rising in the country, the Company is well positioned to meet the demand for both paper and PP bags in future. However, rising cost of input items like kraft paper, PP granules and energy costs is a cause of concern and the company is making concerted efforts to not only improve its operational efficiencies but also optimize the utilization of its available resources.

Acknowledgment

The management would like to express its gratitude to all customers, financial institutions, staff members, suppliers and shareholders who have been associated with the company for their continued support and cooperation. It would like to particularly thank Mondi Packaging and BSW - Windmoller & Holscher for their cooperation and support to the company.

On behalf of the Board of Directors



Akbarali Pesnani
Chairman

Karachi: October 20, 2014


September 30, 2014

Condensed Interim Balance Sheet

as at September 30, 2014

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
ASSETS			
NON-CURRENT ASSETS			
(Rupees `000)			
Fixed Assets			
Property, plant and equipment	4	1,439,190	1,454,469
Intangible asset	5	5,462	5,691
		1,444,652	1,460,160
Long-term investment	6	12,747	15,931
Long-term loans		146	167
Long-term deposits		8,916	8,916
Deferred taxation		4,095	26,240
		1,470,556	1,511,414
CURRENT ASSETS			
Stores, spare parts and loose tools		62,552	59,948
Stock-in-trade		1,276,660	1,105,924
Trade debts		661,139	659,748
Loans and advances		9,602	7,199
Trade deposits and short-term prepayments		4,969	7,836
Other receivables		32,593	64,258
Taxation - net		389,681	371,898
Cash and bank balances		39,845	18,491
		2,477,041	2,295,302
TOTAL ASSETS		3,947,597	3,806,716
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (June 30, 2014: 40,000,000) Ordinary shares of Rs. 10/- each		400,000	400,000
Issued, subscribed and paid-up capital (Fully paid ordinary shares of Rs. 10/- each)		275,400	275,400
Reserves		1,204,234	1,109,842
		1,479,634	1,385,242
NON-CURRENT LIABILITIES			
Long-term financing	7	740,000	780,000
CURRENT LIABILITIES			
Trade and other payables		197,142	286,813
Accrued mark-up		33,838	52,911
Short-term borrowings - secured		1,416,983	1,221,750
Current maturity of long-term financing		80,000	80,000
		1,727,963	1,641,474
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		3,947,597	3,806,716

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



Amer Faruque
Chief Executive



Aslam Faruque
Director

Condensed Interim Profit and Loss Account (Unaudited)
for the period ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
(Rupees `000)			
Turnover - net	9	1,325,373	1,085,646
Cost of sales		(1,114,769)	(960,394)
Gross profit		210,604	125,252
Distribution costs		(14,533)	(12,946)
Administrative expenses		(10,745)	(8,214)
Other expenses		(9,242)	(4,214)
		(34,520)	(25,374)
Other income		1,393	776
Operating profit		177,477	100,654
Finance costs		(57,756)	(51,909)
Profit before taxation		119,721	48,745
Taxation			
Current	10	-	(10,874)
Deferred		(22,145)	(4,424)
		(22,145)	(15,298)
Profit after taxation		97,576	33,447
Earnings per share - basic	11	Rs. 3.54	Rs. 1.21

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


Amer Faruque
Chief Executive


Aslam Faruque
Director

September 30, 2014

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Condensed Interim Statement of Comprehensive Income (Unaudited)
for the period ended September 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees `000)	
Profit after taxation	97,576	33,447
Other comprehensive income		
Unrealized loss on available-for-sale securities	(3,184)	(1,932)
Total comprehensive income for the period	<u>94,392</u>	<u>31,515</u>

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



Amer Faruque
Chief Executive



Aslam Faruque
Director

Condensed Interim Cash Flow Statement (Unaudited)
for the period ended September 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees `000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	119,721	48,745
Adjustments for:		
Depreciation	22,781	21,089
Amortization	229	229
Finance costs	57,756	51,909
Exchange loss	-	189
	80,766	73,416
	200,487	122,161
Increase in current assets		
Stores, spare parts and loose tools	(2,604)	478
Stock-in-trade	(170,736)	(178,431)
Trade debts	(1,391)	80,892
Loans and advances	(2,403)	(5,004)
Trade deposits and short-term prepayments	2,867	(4,218)
Other receivables	31,665	(8,055)
	(142,602)	(114,338)
Decrease in current liabilities		
Trade and other payables	(89,671)	(312,489)
Cash used in operations	(31,786)	(304,666)
Income tax paid	(17,783)	(41,738)
Net cash used in operating activities	(49,569)	(346,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(7,648)	(271,143)
Capital work-in-progress	146	238,165
Long-term loans	21	21
Net cash used in investing activities	(7,481)	(32,957)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing	(40,000)	200,000
Short-term borrowings	195,233	213,368
Finance costs paid	(76,829)	(48,316)
Net cash generated from financing activities	78,404	365,052
Net Increase/(decrease) in cash and cash equivalents	21,354	(14,309)
Cash and cash equivalents at the beginning of the period	18,491	20,540
Cash and cash equivalents at the end of the period	39,845	6,231

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


Amer Faruque
Chief Executive


Aslam Faruque
Director


September 30, 2014

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Condensed Interim Statement of Changes in Equity (Unaudited)
for the period ended September 30, 2014

	Reserves							Total reserves	Total
	Capital Reserve	Revenue Reserves				Unrealized gain / (loss) on available-for-sale securities			
		Share premium	General reserve	Unappropriated profit	Actuarial gain on defined benefit plan		Sub-total		
	(Rupees '000)								
Balance as at July 01, 2013	275,400	283,174	180,000	464,493	-	644,493	8,777	936,444	1,211,844
Profit for the period	-	-	-	33,447	-	33,447	-	33,447	33,447
Other comprehensive income	-	-	-	-	-	-	(1,932)	(1,932)	(1,932)
Total comprehensive income	-	-	-	33,447	-	33,447	(1,932)	31,515	31,515
Balance as at September 30, 2013	275,400	283,174	180,000	497,940	-	677,940	6,845	967,959	1,243,359
Balance as at July 01, 2014	275,400	283,174	180,000	633,357	1,477	814,834	11,834	1,109,842	1,385,242
Profit for the period	-	-	-	97,576	-	97,576	-	97,576	97,576
Other comprehensive income	-	-	-	-	-	-	(3,184)	(3,184)	(3,184)
Total comprehensive income	-	-	-	97,576	-	97,576	(3,184)	94,392	94,392
Balance as at September 30, 2014	275,400	283,174	180,000	730,933	1,477	912,410	8,650	1,204,234	1,479,634

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



Amer Faruque
Chief Executive



Aslam Faruque
Director

Notes to the Condensed Interim Financial Statements (Unaudited)

for the period ended September 30, 2014

1. THE COMPANY AND ITS OPERATIONS

Cherat Packaging Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1989. Its main business activity is manufacturing, marketing and sale of paper sacks and polypropylene bags. The Company started commercial production on December 15, 1991 and is listed on Karachi and Lahore Stock Exchanges.

The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

2. BASIS OF PREPARATION

These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2014.

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
(Rupees `000)			
Opening written down value (WDV)		1,454,148	1,065,150
Additions during the period / year	4.1	7,648	479,007
		1,461,796	1,544,157
Depreciation charged during the period / year		(22,781)	(90,009)
		1,439,015	1,454,148
Capital work-in-progress		175	321
		1,439,190	1,454,469
4.1 Additions during the period / year			
Building on leasehold land		-	6,881
Plant and machinery		4,598	448,930
Power and other installations		-	4,674
Furniture and fittings		226	487
Vehicles		2,824	9,148
Equipment		-	7,685
Computers		-	1,202
		7,648	479,007
5. INTANGIBLE ASSETS			
Opening balance (WDV)		5,691	6,607
Amortization charged during the period / year		(229)	(916)
		5,462	5,691
6. LONG-TERM INVESTMENT			
Available-for-sale securities - related party			
Ordinary shares of a listed company			
Cherat Cement Company Limited			
243,362 (June 30, 2014: 243,362) fully paid ordinary			
shares of Rs.10/- each		12,747	15,931

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees `000)	
7. LONG-TERM FINANCING - secured		
Long-Term Loans		
Term Loan - I	320,000	360,000
Term Loan - II-Tranche - I	100,000	100,000
Tranche - II	200,000	200,000
Term Loan - III	200,000	200,000
	820,000	860,000
Less: Current maturity	(80,000)	(80,000)
	<u>740,000</u>	<u>780,000</u>
8. CONTINGENCIES AND COMMITMENTS		
Guarantees issued by a commercial bank	11,600	11,600
Letters of credit issued by commercial banks	391,283	529,202
Duties payable on bonded stock	65,440	21,884

9. TURNOVER - net

Included herein are (a) local sales amounting to Rs. 1,246.03 million (September 30, 2013: Rs. 1,032.15 million) and (b) export sales amounting to Rs. 79.34 million (September 30, 2013: Rs. 53.50 million).

10. TAXATION

In view of tax losses, provision for current taxation is based on 1 % of turnover under section 113 of the Income Tax Ordinance, 2001, and final tax regime on export sales after taking into account tax credits u/s 65 B and other rebates.

	Period Ended	
	September 30, 2014	September 30, 2013
11. EARNINGS PER SHARE - BASIC		
Profit after taxation (Rupees '000)	97,576	33,447
Weighted average number of ordinary shares in issue	27,540,000	27,540,000
Basic earnings per share	Rs. 3.54	Rs. 1.21

There is no dilutive effect on basic earnings per share of the Company.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, staff benefit funds, directors and executives. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of transactions	Period ended	
		September 30, 2014	September 30, 2013
		(Rupees `000)	
Group companies	Sale of goods	114,207	143,569
	Purchase of goods	23	-
	Services received	6,943	6,273
	Software consultancy charges	1,593	1,338
Executives	Remuneration	16,220	13,062
Other related parties	Insurance premium	1,823	2,198
	Contribution to staff provident and gratuity funds	1,156	1,013

In addition, certain actual administrative expenses are being shared amongst the group companies.

13. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended June 30, 2014, the Board of Directors has proposed the following in their meeting held on August 18, 2014 for approval of the members at the Annual General Meeting:

	June 30, 2014	June 30, 2013
(Rupees `000)		
Proposed final cash dividend @ Rs.2.00 per share (2013 Rs. 2.00 per share)	55,080	55,080

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 20, 2014 by the Board of Directors of the Company.

15. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.


Amer Faruque
 Chief Executive


Aslam Faruque
 Director