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Company Information

Board of Directors

Mr. Akbarali Pesnani
Mr. Amer Faruque
Mr. Aslam 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

Audit Committee

Mr. Abid Naqvi
Mr. Arif Faruque
Mr. Tariq Faruque

Chairman
Member
Member

Human Resource and Remuneration Committee

Mr. Abrar Hassan
Mr. Amer Faruque
Mr. Aslam Faruque

Chairman
Member
Member

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid A. Vazir

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd.
Al Baraka Bank (Pakistan) 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.

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, 2015.

Overview

Growth in the demand for cement and diversification into new markets has resulted in an increase in sales of both paper and polypropylene bags during the quarter under review. Rising sales volumes of bags has had a positive impact on the revenues and the profitability of the Company as it continues to achieve new landmarks.

Operating performance

On the back of increase in the quantity of bags sold during the quarter under review, the sales revenue of the Company increased by Rs. 242 million i.e. 18% from the corresponding period last year. Efficient management of inventory and optimum utilization of available resources led to rationalization of production costs. The Company pursued aggressive marketing policies and concentrated on export of PP bags to enhance its sales volume. During the period, the finance cost of the Company declined due to reduction in discount rates and effective monitoring of outstanding payments and inventory levels, which led to improved liquidity position. There has been an increase in other charges on account of payments for Workers' Welfare Fund and Workers' Profit Participation Fund due to higher profitability. After taking into consideration the above-mentioned factors, the Company made an after tax profit of Rs. 209 million for the quarter under review.

Expansion of Polypropylene Plant

Work on the expansion of the production capacity of the polypropylene bag plant is progressing on schedule and contract for the civil work has been awarded. The management is confident of commissioning the new plant on time. The expansion of capacity will allow the Company to further pursue export markets and diversify its operations. The Company is confident of gaining further market share to establish itself as a true market leader in cement packaging and also achieve further economies of scale. Additionally, it will also be able to explore new markets for packaging of other products like sugar, chemicals, rice, and other similar products, which will add value to the Company operations. The expansion project of the Company is expected to benefit from recent decline in discount rates.

Future Prospects

As a single window quality solution provider, the Company has become a supplier of choice for its customers both in Pakistan and overseas. The Company is continuing to explore new markets for export of its bags and also towards producing 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. With cement demand rising in the country, the Company is already in the process of further enhancing the capacity of PP plant. The enhanced capacity will provide a strategic advantage to the Company in the future. Meanwhile, the Company is making concerted efforts to improve its operational efficiencies to further benefit from economies of scale.

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 Mondy 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 27, 2015

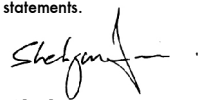
condensed interim balance sheet

as at September 30, 2015

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
(Rupees `000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	1,368,280	1,382,840
Intangible assets		4,546	4,775
		1,372,826	1,387,615
Long-term investment		365,863	369,300
Long-term deposits		8,916	8,916
		1,747,605	1,765,831
CURRENT ASSETS			
Stores, spare parts and loose tools		63,884	64,857
Stock-in-trade	6	1,152,831	896,013
Trade debts		780,777	819,895
Loans and advances		7,991	5,197
Trade deposits and short-term prepayments		7,106	6,230
Other receivables		36,141	28,733
Taxation - net		281,158	345,049
Cash and bank balances		15,876	10,484
		2,345,764	2,176,458
TOTAL ASSETS		4,093,369	3,942,289
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (June 30, 2015: 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		2,129,055	1,923,565
		2,404,455	2,198,965
NON-CURRENT LIABILITIES			
Long-term financings	7	600,000	660,000
Deferred taxation		155,816	156,728
		755,816	816,728
CURRENT LIABILITIES			
Trade and other payables		245,738	225,905
Accrued mark-up		16,775	32,798
Short-term borrowings - secured		527,970	545,211
Current maturity of long-term financings		140,000	120,000
Unclaimed dividend		2,615	2,682
		933,098	926,596
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	8	4,093,369	3,942,289

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Amer Faruque
 Chief Executive


Shehryar Faruque
 Director

condensed interim profit and loss account (unaudited)
for the period ended September 30, 2015

	Note	September 30, 2015	September 30, 2014
(Rupees `000)			
Turnover - net	9	1,567,037	1,325,373
Cost of sales		(1,195,095)	(1,114,769)
Gross profit		371,942	210,604
Distribution costs		(15,368)	(14,533)
Administrative expenses		(11,525)	(10,745)
Other expenses		(22,524)	(9,242)
		(49,417)	(34,520)
Other income		1,421	1,393
Operating profit		323,946	177,477
Finance costs	10	(27,573)	(57,756)
Profit before taxation		296,373	119,721
Taxation			
Current	11	(88,358)	-
Deferred		912	(22,145)
		(87,446)	(22,145)
Net profit for the period		208,927	97,576
Earnings per share - basic and diluted	12	Rs. 7.59	Rs. 3.54

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Shehryar Faruque
Director

condensed interim statement of comprehensive income (unaudited)
for the period ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees ' 000)	
Net profit for the period	208,927	97,576
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Unrealized loss on available-for-sale securities	(3,437)	(3,184)
Total comprehensive income for the period	<u>205,490</u>	<u>94,392</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Shehryar Faruque
Director

condensed interim cash flow statement (unaudited)
for the period ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees `000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	296,373	119,721
Adjustments for:		
Depreciation	21,740	22,781
Amortization	229	229
Finance costs	27,573	57,756
	49,542	80,766
	345,915	200,487
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	973	(2,604)
Stock-in-trade	(256,818)	(170,736)
Trade debts	39,118	(1,391)
Loans and advances	(2,794)	(2,403)
Trade deposits and short-term prepayments	(876)	2,867
Other receivables	(7,408)	31,665
	(227,805)	(142,602)
Increase/(decrease) in current liabilities		
Trade and other payables	19,833	(89,671)
Cash generated from/(used in) operations	137,943	(31,786)
Income tax paid	(24,467)	(17,783)
Net cash generated from/(used in) operating activities	113,476	(49,569)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(2,218)	(7,648)
Capital work-in-progress	(4,962)	146
Long-term loans	-	21
Net cash used in investing activities	(7,180)	(7,481)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing	(40,000)	(40,000)
Dividend paid	(67)	-
Short-term borrowings	(17,241)	195,233
Finance costs paid	(43,596)	(76,829)
Net cash (used in)/generated from financing activities	(100,904)	78,404
Net Increase in cash and cash equivalents	5,392	21,354
Cash and cash equivalents at the beginning of the period	10,484	18,491
Cash and cash equivalents at the end of the period	15,876	39,845

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Shehryar Faruque
Director

condensed interim statement of changes in equity (unaudited) for the period ended September 30, 2015

Issued, subscribed and paid-up capital	Reserves						Total	
	Capital Reserves		Revenue Reserves			Total reserves		
	Share premium	General reserve	Unappropriated profit	Actuarial gain on gratuity fund	Unrealised gain/(loss) on available-for-sale securities			
(Rupees `000)								
Balance as at July 01, 2014	275,400	283,174	180,000	633,357	1,477	11,834	1,109,842	1,385,242
Profit for the period	-	-	-	97,576	-	-	97,576	97,576
Other comprehensive income	-	-	-	-	-	(3,184)	(3,184)	(3,184)
Total comprehensive income	-	-	-	97,576	-	(3,184)	94,392	94,392
Balance as at September 30, 2014	275,400	283,174	180,000	730,933	1,477	8,650	1,204,234	1,479,634
Balance as at July 01, 2015	275,400	283,174	180,000	1,174,608	20,580	265,203	1,923,565	2,198,965
Profit for the period	-	-	-	208,927	-	-	208,927	208,927
Other comprehensive income	-	-	-	-	-	(3,437)	(3,437)	(3,437)
Total comprehensive income	-	-	-	208,927	-	(3,437)	205,490	205,490
Balance as at September 30, 2015	275,400	283,174	180,000	1,383,535	20,580	261,766	2,129,055	2,404,455

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Shehryar Faruque
Director

notes to the condensed interim financial statements (unaudited) for the period ended September 30, 2015

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. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the three months period ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. BASIS OF PREPARATION

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These 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, 2015.

4. 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, 2015.

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
(Rupees `000)			
5. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value (WDV)		1,382,663	1,454,148
Additions during the period / year	5.1	2,218	21,368
		1,384,881	1,475,516
Disposals during the period / year (WDV) - vehicles		-	(813)
Depreciation charged during the period / year		(21,740)	(92,040)
		1,363,141	1,382,663
Capital work-in-progress		5,139	177
		1,368,280	1,382,840
5.1. Additions during the period / year			
Building on leasehold land		-	2,102
Plant and machinery		2,100	5,588
Furniture and fittings		18	916
Vehicles		45	11,280
Equipment		-	502
Computers		55	980
		2,218	21,368
6. STOCK-IN-TRADE			
Raw material			
In hand		549,027	460,362
In bonded warehouse		228,119	132,056
In transit		257,195	150,792
		1,034,341	743,210
Work-in-process		33,252	35,186
Finished goods		83,326	116,295
Polypropylene scrap goods		1,912	1,322
		1,152,831	896,013

	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	(Rupees '000)	
7. LONG-TERM FINANCINGS - secured		
Long-Term Loans		
Term Loan - I	240,000	280,000
Term Loan - II- Tranche - I	100,000	100,000
Tranche - II	200,000	200,000
Term Loan-III	200,000	200,000
	740,000	780,000
Less: Current maturity	(140,000)	(120,000)
	<u>600,000</u>	<u>660,000</u>
8. CONTINGENCIES AND COMMITMENTS		
Guarantees issued by a commercial bank	31,600	31,600
Letters of credit issued by commercial banks	362,250	653,474
Duties payable on bonded stock	34,046	19,137

9. TURNOVER - net

Included herein are (a) local sales amounting to Rs. 1,504.54 million (September 30, 2014: Rs. 1,246.03 million) and (b) export sales amounting to Rs. 62.50 million (September 30, 2014: Rs. 79.34 million).

10. FINANCE COSTS

Represents mark-up on long-term financing amounting to Rs. 15.66 million (September 30, 2014: Rs. 22.79 million) and mark-up on short-term borrowings amounting to Rs. 11.91 million (September 30, 2014: Rs. 34.97 million).

11. TAXATION

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits. Income subject to final tax has been taxed accordingly.

12. EARNINGS PER SHARE - BASIC

	Period ended	
	September 30, 2015	September 30, 2014
Profit after taxation (Rupees '000)	208,927	97,576
Weighted average number of ordinary shares in issue	27,540,000	27,540,000
Basic earnings per share	Rs. 7.59	Rs. 3.54

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

13. 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, 2015	September 30, 2014
		(Rupees `000)	
Group companies	Sale of goods	102,221	114,207
	Purchase of goods	-	23
	Services received	8,139	6,943
	Software consultancy charges	1,836	1,593
Executives	Remuneration	21,875	16,220
Other related parties	Insurance premium	1,792	1,823
	Contribution to staff provident and gratuity fund	1,345	1,156

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

14. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended June 30, 2015, the Board of Directors has proposed the following in its meeting held on August 19, 2015 for approval of the members at the Annual General Meeting:

	June 30, 2015	June 30, 2014
	(Rupees `000)	
Proposed final cash dividend @ Rs. 5.00 per share (June 30, 2014: Rs. 2.00 per share)	137,700	55,080

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 27, 2015 by the Board of Directors of the Company.

16. GENERAL

16.1 There was no reclassification that could affect the financial statements materially.

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


Amer Faruque
Chief Executive


Shehryar Faruque
Director