



**Cherat Packaging Limited**  
A Ghulam Faruque Group Company

**building on  
our legacy**

**Un-Audited Accounts  
March 31, 2021**

## **Contents**

- 01 Company Information

---

- 02 Directors' Review

---

- 04 Condensed Interim Statement of Financial Position

---

- 05 Condensed Interim Statement of Profit or Loss (Unaudited)

---

- 06 Condensed Interim Statement of Comprehensive Income (Unaudited)

---

- 07 Condensed Interim Statement of Cash Flows (Unaudited)

---

- 08 Condensed Interim Statement of Changes in Equity (Unaudited)

---

- 09 Notes to the Condensed Interim Financial Statements (Unaudited)

# Company Information

## Board of Directors

|                             |                 |
|-----------------------------|-----------------|
| Mr. Akbarali Peshnani       | Chairman        |
| Mr. Amer Faruque            | Chief Executive |
| Mr. Aslam Faruque           | Director        |
| Mr. Shehryar Faruque        | Director        |
| Mr. Arif Faruque            | Director        |
| Mr. Ali H. Shirazi          | Director        |
| Mr. Abid Vazir              | Director        |
| Mr. Sher Afzal Khan Mazari  | Director        |
| Ms. Maleeha Humayun Bangash | Director        |

## Audit Committee

|                      |          |
|----------------------|----------|
| Mr. Ali H. Shirazi   | Chairman |
| Mr. Arif Faruque     | Member   |
| Mr. Shehryar Faruque | Member   |

## Human Resource and Remuneration Committee

|                            |          |
|----------------------------|----------|
| Mr. Sher Afzal Khan Mazari | Chairman |
| Mr. Amer Faruque           | Member   |
| Mr. Aslam Faruque          | Member   |

## Chief Operating Officer & CFO

Mr. Yasir Masood

## Director & Company Secretary

Mr. Abid Vazir

## Head of Internal Audit

Mr. Aamir Saleem

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisor

K.M.S. Law Associates

## Bankers

Allied Bank Ltd  
Bank Al Habib Ltd  
Faysal Bank Ltd  
Habib Bank Ltd  
Habib Metropolitan Bank Ltd  
Industrial and Commercial Bank of China Ltd  
MCB Bank Ltd  
National Bank of Pakistan  
Samba Bank Ltd  
Soneri Bank Ltd  
The Bank of Punjab  
United Bank Ltd

## Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Ltd

## Bankers (Islamic)

Al Baraka Bank (Pakistan) Ltd  
Askari Bank Ltd  
Bank Alfalah Ltd  
Bank Al Habib Ltd  
Bankislami Pakistan Ltd  
Dubai Islamic Bank Pakistan Ltd  
MCB Islamic Bank Ltd  
Meezan Bank Ltd

## Share Registrar

CDC Share Registrar Services Ltd  
CDC House, 99-B, Block 'B', S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi-74400  
Tel: 0800-23275 UAN: 111-111-500  
Email: info@cdcsrsl.com

## Contact Us:

UAN: 111-000-009  
Email: info@gfg.com.pk  
Web: www.gfg.com.pk



## Registered Office

1st Floor, Betani Arcade,  
Jamrud Road, Peshawar  
Tel: (+9291) 5842285, 5842272  
Fax: (+9291) 5840447

## Head Office

Modern Motors House, Beaumont Road,  
Karachi-75530  
Tel: (+9221) 35683566-67, 35688348, 35689538  
Fax: (+9221) 35683425

## Factory

Plot No. 26, Gadoon Amazai  
Industrial Estate, District Swabi,  
Khyber Pakhtunkhwa  
Tel: (+92938) 270125, 270221  
Fax: (+92938) 270126

## Regional Offices

### Lahore

3, Sundar Das Road  
Tel: (+9242) 36286249-50, 36308259  
Fax: (+9242) 36286204

### Islamabad

1st Floor, Razia Sharif Plaza,  
Jinnah Avenue, Blue Area  
Tel: (+9251) 2344531-33  
Fax: (+9251) 2344534, 2344550

# Directors' Review

The Board of Directors is pleased to present the financial results of the Company for the nine months period ended March 31, 2021.

## Overview

Increased consumption of cement in the country has had a positive impact on the sales of cement bags produced by the Company during the nine months period under review. Being a market leader, the Company supplied bags to almost all cement plants in Pakistan. During the period, there was also an increase in the quantity of flexible packaging material sold by the Company to well-known customers in the FMCG sector. Diversification into flexible packaging business has enabled the Company to reach out to new customers and provides it with a platform for future growth.

## Operating performance

Higher sales volumes have resulted in a 13% increase in the revenues for the Company during the period under review. Despite increase in cost of various input items, the Company efficiently managed its cost of production. During the period, other expenses increased on account of provision of WPPF and WWF due to higher profitability. There was a decline in finance cost due to reduction in discount rates and low-cost wage financing facility availed by the Company. For the nine months period ended March 31, 2021 the Company posted an after-tax profit of Rs. 568 million compared to Rs. 40.3 million in the corresponding period last year.

## Expansion of Polypropylene Plant

Work on the installation of fourth Polypropylene line at the existing site in Gadoon Amazai, Khyber Pakhtunkhwa Province is progressing as planned and is expected to be commissioned by December 31, 2021. The plant, which has been acquired from M/s. Windmoller & Holscher – the leading supplier of such equipment, will have a production capacity of approximately 65 million bags per annum taking the total production capacity of the Polypropylene Division to 260 million bags per annum. The civil works have also started at site and in addition work on installation of 1 MW solar panels at the plant is also in progress, which will help reduce rising electricity costs.

## Future Prospects

Regular investments in existing businesses together with diversification into new areas like flexible packaging has allowed the Company to position itself well to not only meet the demand for packaging materials from cement sector but also from other industries such as FMCG sector. This strategy has resulted in an alignment with its long-term objective of being a leading player in the field of packaging. In a period of rising demand for cement packaging, the Company is confident of gaining further market share and also achieving greater economies of scale. The

current situation arising out of Covid-19 presents a major challenge to all industries. The Company has taken appropriate measures including strict implementation of protocols on health and employee safety to ensure smooth business operations.

Recently, sharp rise has been witnessed in international freights and major commodity prices like oil, which is having an impact on the Company's production costs. Global shortage and consequent increase in prices of kraft paper and polypropylene granules remain main areas of concern for the Company. However, we would like to appreciate the support we have received from M/s. Mondi Packaging and Sabic in this international scenario. Furthermore, increase in fuel prices has resulted in a surge in inland transportation costs. The government has also increased the power tariff, which is also having an impact on production costs.

### **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, Sabic and Windmoller & Holscher for their cooperation and support to the Company.

**On behalf of the Board of Directors**



**Akbarali Pesnani**  
Chairman



**Amer Faruque**  
Chief Executive

Karachi: April 28, 2021

# Condensed Interim Statement of Financial Position

As at March 31, 2021

| <b>ASSETS</b>                             | <b>Note</b> | <b>March 31,<br/>2021<br/>(Unaudited)</b> | <b>June 30,<br/>2020<br/>(Audited)</b> |
|---|-------------|---|--|
| <b>NON-CURRENT ASSETS</b>                 |             |   |  |
| <b>Fixed Assets</b>                       |             |   |  |
| Property, plant & equipment               | 4           | 4,987,307                                 | 5,096,317                              |
| Intangible assets                         |             | 4,870                                     | 5,635                                  |
|   |             | <u>4,992,177</u>                          | <u>5,101,952</u>                       |
| Long-term investments                     | 5           | 860,292                                   | 469,080                                |
| Long-term loans                           |             | 44  | 100                                    |
| Long-term security deposits               |             | 9,378                                     | 9,378                                  |
|   |             | <u>5,861,891</u>                          | <u>5,580,510</u>                       |
| <b>CURRENT ASSETS</b>                     |             |   |  |
| Stores, spare parts and loose tools       |             | 358,839                                   | 322,853                                |
| Stock-in-trade                            |             | 2,598,284                                 | 2,622,464                              |
| Trade debts                               |             | 2,250,114                                 | 1,966,580                              |
| Loans and advances                        |             | 24,545                                    | 776                                    |
| Trade deposits and short-term prepayments |             | 63,535                                    | 40,334                                 |
| Other receivables                         |             | 196,343                                   | 277,050                                |
| Taxation-net                              |             | 531,723                                   | 335,142                                |
| Cash and bank balances                    |             | 32,719                                    | 15,022                                 |
|   |             | <u>6,056,102</u>                          | <u>5,580,221</u>                       |
|   |             | <u>11,917,993</u>                         | <u>11,160,731</u>                      |
| <b>TOTAL ASSETS</b>                       |             |   |  |
| <b>EQUITY AND LIABILITIES</b>             |             |   |  |
| <b>SHARE CAPITAL AND RESERVES</b>         |             |   |  |
| Authorized capital                        |             |   |  |
| 100,000,000 (June 30, 2020: 100,000,000)  |             |   |  |
| ordinary shares of Rs. 10/- each          |             | 1,000,000                                 | 1,000,000                              |
| Share capital                             |             | 425,069                                   | 425,069                                |
| Reserves                                  |             | 5,223,737                                 | 4,349,335                              |
|   |             | <u>5,648,806</u>                          | <u>4,774,404</u>                       |
| <b>NON-CURRENT LIABILITIES</b>            |             |   |  |
| Long-term financing - secured             | 6           | 2,084,300                                 | 2,638,802                              |
| Deferred taxation                         |             | 455,532                                   | 226,669                                |
| Government grant                          |             | 8,881                                     | 9,566                                  |
|   |             | <u>2,548,713</u>                          | <u>2,875,037</u>                       |
| <b>CURRENT LIABILITIES</b>                |             |   |  |
| Trade and other payables                  |             | 1,072,286                                 | 534,434                                |
| Accrued mark-up                           |             | 69,114                                    | 178,365                                |
| Short-term borrowings - secured           | 7           | 1,924,894                                 | 2,630,780                              |
| Current maturity of long-term financings  | 6           | 632,351                                   | 154,600                                |
| Current portion of government grant       |             | 11,535                                    | 3,189                                  |
| Unclaimed dividend                        |             | 10,294                                    | 9,922                                  |
|   |             | <u>3,720,474</u>                          | <u>3,511,290</u>                       |
| <b>CONTINGENCIES AND COMMITMENTS</b>      |             |   |  |
|   | 8           |   |  |
|   |             | <u>11,917,993</u>                         | <u>11,160,731</u>                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |             |   |  |

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



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended March 31, 2021

| Note  | Period ended   |                | Quarter ended  |                |
|---|----------------|----------------|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| (Rupees '000)                                     |                |                |                |                |
| <b>Turnover - net</b>                             | 8,220,390      | 7,302,376      | 2,927,018      | 2,327,756      |
| Cost of sales                                     | (6,858,695)    | (6,425,013)    | (2,428,443)    | (2,068,089)    |
| <b>Gross profit</b>                               | 1,361,695      | 877,363        | 498,575        | 259,667        |
| Distribution costs                                | (145,708)      | (129,334)      | (61,467)       | (36,430)       |
| Administrative expenses                           | (78,535)       | (73,243)       | (26,697)       | (23,552)       |
| Other expenses                                    | (59,888)       | (16,707)       | (23,204)       | (11,655)       |
|   | (284,131)      | (219,284)      | (111,368)      | (71,637)       |
| Other income                                      | 23,126         | 16,564         | 12,647         | 4,514          |
| <b>Operating profit</b>                           | 1,100,690      | 674,643        | 399,854        | 192,544        |
| Finance costs                                     | 9 (300,244)    | (617,222)      | (94,625)       | (190,901)      |
| <b>Profit before taxation</b>                     | 800,446        | 57,421         | 305,229        | 1,643          |
| <b>Taxation</b>                                   |                |                |                |                |
| Current   | (3,379)        | (109,308)      | (2,211)        | (34,600)       |
| Prior   | -              | 353            | -              | -              |
| Deferred  | (228,863)      | 91,834         | (88,494)       | 34,171         |
| 10  | (232,242)      | (17,121)       | (90,705)       | (429)          |
| <b>Net profit for the period</b>                  | 568,204        | 40,300         | 214,524        | 1,214          |
| <b>Earnings per share<br/>- basic and diluted</b> | 11 Rs. 13.37   | Re. 0.95       | Rs. 5.05       | Re. 0.03       |

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

  
Amer Faruque  
Chief Executive

  
Aslam Faruque  
Director

  
Yasir Masood  
Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended March 31, 2021

|  | Period ended      |                   | Quarter ended     |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | March 31,<br>2021 | March 31,<br>2020 | March 31,<br>2021 | March 31,<br>2020 |
|  | (Rupees '000)     |                   |                   |                   |
| <b>Net profit for the period</b>   | 568,204           | 40,300            | 214,524           | 1,214             |
| <b>Other comprehensive income<br/>that may not be reclassified<br/>subsequently to the statement<br/>of profit or loss</b> |                   |                   |                   |                   |
| Unrealized gain on re-measurement<br>of equity investments at fair value<br>through other comprehensive income             | 391,212           | 145,150           | 76,772            | 12,647            |
| <b>Total comprehensive income<br/>for the period</b>   | 959,416           | 185,450           | 291,296           | 13,861            |

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

  
**Amer Faruque**  
Chief Executive

  
**Aslam Faruque**  
Director

  
**Yasir Masood**  
Chief Financial Officer



# Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended March 31, 2021

| Note   | March 31,<br>2021  | March 31,<br>2020  |
|--|--------------------|--------------------|
| (Rupees '000)  |                    |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                    |                    |
| <b>Profit before taxation</b>  | 800,446            | 57,421             |
| Adjustments for:   |                    |                    |
| Depreciation   | 248,964            | 253,536            |
| Amortization   | 765                | 1,107              |
| Gain on disposal of operating property,<br>plant and equipment       | (6,970)            | (1,271)            |
| Dividend income  | (5,328)            | (4,843)            |
| Finance costs  | 300,244            | 617,222            |
| Exchange loss  | -                  | 9,661              |
|  | <u>537,675</u>     | <u>875,412</u>     |
|  | 1,338,121          | 932,833            |
| <b>(Increase) / decrease in current assets:</b>                      |                    |                    |
| Stores, spare parts and loose tools                                  | (35,986)           | (18,611)           |
| Stock-in-trade   | 24,180             | 639,541            |
| Trade debts  | (283,534)          | (393,092)          |
| Loans and advances   | (23,769)           | (11,092)           |
| Trade deposits and short-term prepayments                            | (23,201)           | 15,676             |
| Other receivables  | 80,707             | 156,420            |
|  | <u>(261,603)</u>   | <u>388,842</u>     |
|  | 1,076,518          | 1,321,675          |
| <b>Increase in current liabilities:</b>                              |                    |                    |
| Trade and other payables   | 537,852            | 111,506            |
| <b>Cash generated from operations</b>                                | <u>1,614,370</u>   | <u>1,433,181</u>   |
| Income tax paid  | (199,960)          | (88,274)           |
| Long-term loans and deposits - net                                   | 56                 | 1,856              |
| <b>Net cash generated from operating activities</b>                  | <u>1,414,466</u>   | <u>1,346,763</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                    |                    |
| Additions to property, plant and equipment                           | (142,993)          | (250,130)          |
| Additions to intangible assets                                       | -                  | (689)              |
| Proceeds from disposal of operating property,<br>plant and equipment | 10,009             | 4,608              |
| Dividend received  | 5,328              | 4,843              |
| <b>Net cash used in investing activities</b>                         | <u>(127,656)</u>   | <u>(241,368)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |                    |                    |
| Long-term financings - net   | (69,090)           | (190,000)          |
| Short-term borrowings - net  | (705,886)          | (136,090)          |
| Finance costs paid   | (409,495)          | (665,519)          |
| Dividends paid   | (84,642)           | (95,967)           |
| <b>Net cash used in financing activities</b>                         | <u>(1,269,113)</u> | <u>(1,087,576)</u> |
| <b>Net increase in cash and cash equivalents</b>                     | 17,697             | 17,819             |
| <b>Cash and cash equivalents at the beginning of the period</b>      | 15,022             | 13,139             |
| <b>Cash and cash equivalents at the end of the period</b>            | <u>32,719</u>      | <u>30,958</u>      |

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

  
Amer Faruque  
Chief Executive

  
Aslam Faruque  
Director

  
Yasir Masood  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the Period Ended March 31, 2021

|  | Issued,<br>Subscribed<br>and<br>Paid-up<br>Capital | Reserves           |                  |                    |                            |   | Total            |   |
|--|--|--------------------|------------------|--------------------|----------------------------|---|------------------|---|
|  |  | Capital<br>Reserve | Revenue Reserves |                    | Other Components of Equity |   |                  |   |
|  |  |                    | Share<br>premium | General<br>reserve | Unappropri-<br>ated profit | Actuarial<br>gain / (loss)<br>on gratuity<br>fund |                  | Unrealized gain /<br>(loss) on Equity<br>Instrument |
| (Rupees '000)  |  |                    |                  |                    |                            |   |                  |   |
| <b>Balance as at July 01, 2019</b>   | 386,426  | 998,628            | 180,000          | 2,971,612          | (19,830)                   | (50,598)  | 4,079,812        | 4,466,238   |
| Final cash dividend for the year ended<br>June 30, 2019 @ Rs. 2.50 per share           | -  | -                  | -                | (96,606)           | -                          | -   | (96,606)         | (96,606)  |
| Bonus shares issued in the ratio of<br>10 shares for every 100 shares held             | 38,643   | -                  | -                | (38,643)           | -                          | -   | (38,643)         | -   |
| Net Profit for the period  | -  | -                  | -                | 40,300             | -                          | -   | 40,300           | 40,300  |
| Other comprehensive income for the period  | -  | -                  | -                | -                  | -                          | 145,150   | 145,150          | 145,150   |
| Total comprehensive income for the period  | -  | -                  | -                | 40,300             | -                          | 145,150   | 185,450          | 185,450   |
| <b>Balance as at March 31, 2020</b>  | <u>425,069</u>                                     | <u>998,628</u>     | <u>180,000</u>   | <u>2,876,663</u>   | <u>(19,830)</u>            | <u>94,552</u>                                     | <u>4,130,013</u> | <u>4,555,082</u>                                    |
| <b>Balance as at July 1, 2020</b>  | 425,069  | 998,628            | 180,000          | 2,906,598          | 242                        | 263,867   | 4,349,335        | 4,774,404   |
| Final cash dividend for the year ended<br>June 30, 2020 @ Re. 1.00/- per share         | -  | -                  | -                | (42,507)           | -                          | -   | (42,507)         | (42,507)  |
| Interim cash dividend for the period ended<br>December 31, 2020 @ Re. 1.00/- per share | -  | -                  | -                | (42,507)           | -                          | -   | (42,507)         | (42,507)  |
| Net profit for the period  | -  | -                  | -                | 568,204            | -                          | -   | 568,204          | 568,204   |
| Other comprehensive income for the period  | -  | -                  | -                | -                  | -                          | 391,212   | 391,212          | 391,212   |
| Total comprehensive income for the period  | -  | -                  | -                | 568,204            | -                          | 391,212   | 959,416          | 959,416   |
| <b>Balance as at March 31, 2021</b>  | <u>425,069</u>                                     | <u>998,628</u>     | <u>180,000</u>   | <u>3,389,788</u>   | <u>242</u>                 | <u>655,079</u>                                    | <u>5,223,737</u> | <u>5,648,806</u>                                    |

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

  
**Amer Faruque**  
Chief Executive

  
**Aslam Faruque**  
Director

  
**Yasir Masood**  
Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended March 31, 2021

## 1. CORPORATE INFORMATION

1.1 Cherat Packaging Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1989. Its main business activities are manufacturing, marketing and sale of paper sacks, polypropylene bags and flexible packaging material. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

## 1.2 Impact of COVID-19 on the condensed interim financial statements

COVID-19 is a global pandemic, which has affected the whole world and Pakistan is not an exception. Subsequent to financial year end 2020, the cement sector has shown impressive growth pursuant to the actions taken by the Government to boost construction sector. The Company, being the largest supplier of packing material to cement sector, was indirectly benefited. FMCG sector has also shown improvement after lifting of lockdowns. So, the Flexible Packaging division is also not affected that much due to COVID-19. The Company has taken all necessary measures for the health and safety of its employees. There is no significant accounting impact of the effects of COVID-19 in these condensed interim financial statements. The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity position and believes that its current policies for managing credit, liquidity and market risk are adequate in response to the current situation.

## 2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

### **3. ACCOUNTING POLICIES**

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

- 3.2** Standards, amendments and framework for financial reporting effective during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and framework for financial reporting which became effective for the current period:

#### **Standards or interpretation**

|                   |  |
|-------------------|--|
| IFRS 3            | Definition of a Business (Amendments);           |
| IFRS 9 / IAS 39 / |  |
| IFRS 7            | Interest Rate Benchmark Reform (Amendments); and |
| IAS 1 / IAS 8     | Definition of Material (Amendments).             |

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The adoption of the said framework did not have any material impact on the Company's condensed interim financial statements.

### **4. PROPERTY, PLANT AND EQUIPMENT**

|   | Note | March 31,<br>2021<br>(Unaudited) | June 30,<br>2020<br>(Audited) |
|---|------|----------------------------------|-------------------------------|
| (Rupees '000)                                 |      |                                  |                               |
| Opening net book value (NBV)                  |      | 4,953,165                        | 5,022,828                     |
| Additions during the period / year (cost)     | 4.1  | 107,552                          | 273,684                       |
|   |      | <u>5,060,717</u>                 | <u>5,296,512</u>              |
| Depreciation charged during the period / year |      | (248,964)                        | (340,010)                     |
| Disposals during the period / year (NBV)      |      | (3,039)                          | (3,337)                       |
| Closing (NBV)                                 |      | 4,808,714                        | 4,953,165                     |
| Capital work-in-progress                      | 4.2  | 178,593                          | 143,152                       |
|   |      | <u>4,987,307</u>                 | <u>5,096,317</u>              |

| Note | March 31,<br>2021<br>(Unaudited) | June 30,<br>2020<br>(Audited) |
|------|----------------------------------|-------------------------------|
|      | (Rupees '000)                    |                               |

#### 4.1 Additions during the period / year

|                            |                |                |
|----------------------------|----------------|----------------|
| Leasehold land             | -              | 15,337         |
| Building on leasehold land | 12,713         | 81,426         |
| Plant and machinery        | 34,098         | 69,528         |
| Furniture and fittings     | 9,079          | 21,568         |
| Vehicles                   | 39,894         | 18,856         |
| Equipment                  | 5,823          | 54,001         |
| Computers                  | 5,945          | 12,968         |
|                            | <u>107,552</u> | <u>273,684</u> |

#### 4.2 Capital work-in-progress

|                               |                |                |
|-------------------------------|----------------|----------------|
| Building on leasehold land    | 10,921         | 10,162         |
| Plant and machinery           | 45,370         | 80,986         |
| Power and other installations | 30,638         | 21,560         |
| Furniture and fittings        | -              | 129            |
| Vehicles                      | -              | 2,060          |
| Equipment                     | 90,669         | 28,255         |
| Computers                     | 995            | -              |
|                               | <u>178,593</u> | <u>143,152</u> |

### 5. LONG-TERM INVESTMENTS

#### Investment in associated companies

##### At fair value through other comprehensive income

Cherat Cement Company Limited  
5,327,698 (June 30,2020: 5,327,698)  
Ordinary shares of Rs. 10/- each

|         |         |
|---------|---------|
| 855,628 | 464,416 |
|---------|---------|

##### Joint venture

UniEnergy Limited

|       |       |
|-------|-------|
| 4,664 | 4,664 |
|-------|-------|

|                |                |
|----------------|----------------|
| <u>860,292</u> | <u>469,080</u> |
|----------------|----------------|

### 6. LONG-TERM FINANCING – secured

#### Islamic banks

Fixed Assets Refinance Loan - I

|         |         |
|---------|---------|
| 225,000 | 315,000 |
|---------|---------|

Fixed Assets Refinance Loan - II

|             |         |
|-------------|---------|
| 6.1 420,000 | 540,000 |
|-------------|---------|

Refinance Loan against Solar Power Project

|            |   |
|------------|---|
| 6.2 21,993 | - |
|------------|---|

|                |                |
|----------------|----------------|
| <u>666,993</u> | <u>855,000</u> |
|----------------|----------------|

#### Conventional banks

Fixed Assets Refinance Loan - III

|   |        |
|---|--------|
| - | 40,000 |
|---|--------|

Fixed Assets Refinance Loan - IV

|           |           |
|-----------|-----------|
| 1,200,000 | 1,200,000 |
|-----------|-----------|

Fixed Assets Refinance Loan - V

|         |         |
|---------|---------|
| 600,000 | 600,000 |
|---------|---------|

|                  |                  |
|------------------|------------------|
| <u>1,800,000</u> | <u>1,840,000</u> |
|------------------|------------------|

|  | March 31,<br>2021<br>(Unaudited) | June 30,<br>2020<br>(Audited) |                  |
|--|----------------------------------|-------------------------------|------------------|
|  | (Rupees '000)                    |                               |                  |
| Refinance Scheme for Payment of Wages and Salaries | 6.3                              | 249,658                       | 98,402           |
|  |                                  | <u>2,716,651</u>              | <u>2,793,402</u> |
| Current maturities                                 |                                  | (632,351)                     | (154,600)        |
|  |                                  | <u>2,084,300</u>              | <u>2,638,802</u> |

**6.1** In view of healthy cash inflows during the period, the Company did not avail the principal deferment facility for Fixed Assets Refinance Loan - II, as disclosed in the preceding annual financial statements, and made repayments as per the original repayment schedule of Fixed Assets Refinance Loan – II.

**6.2** Represents a long-term financing obtained from Islamic bank under SBP's Islamic Financing Facility for Renewable Energy (IFRE). The approved limit of the financing is Rs. 120 million out of which Rs.98.01 million remained unutilized at the period end. It carries a profit rate of 3.75% per annum over the tenor of the facility. The financing is repayable in 20 equal semi-annual installments commencing after 6 months from the date of first draw down i.e. March 2023. The financing is secured against ranking hypothecation charge of Rs. 160 million on plant and machinery of the Company.

**6.3** Includes additional tranches of wages and salaries loan under the SBP scheme for the months July to September 2020 amounting to Rs. 133.83 million in the wake of COVID-19 pandemic relief provided to the Company subject to fulfillment of conditions as fully explained in the preceding annual financial statements.

## **7. SHORT-TERM BORROWINGS - secured**

The Company has facilities obtained from various conventional and islamic banks amounting to Rs. 6,750 million (June 30, 2020: Rs. 6,450 million) out of which 4,825.11 million (June 30, 2020: Rs. 3,819.22 million) remain unutilized at the period end.

## **8. CONTINGENCIES AND COMMITMENTS**

### **8.1 Contingencies**

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2020.

## 8.2 Commitments

|                                     | Note  | March 31,<br>2021<br>(Unaudited) | June 30,<br>2020<br>(Audited) |
|-------------------------------------|-------|----------------------------------|-------------------------------|
|                                     |       | (Rupees '000)                    |                               |
| Outstanding letters of guarantee    |       |                                  |                               |
| - conventional banks                |       | 111,997                          | 156,910                       |
| Outstanding letters of credit       |       |                                  |                               |
| - conventional banks                |       | 1,182,356                        | 509,546                       |
| Duties payable against bonded stock |       | 180                              | 29,437                        |
| Capital Commitments                 | 8.2.1 | 99,695                           | 38,851                        |

8.2.1 Represents capital commitments extended to related parties.

## 9. FINANCE COSTS

Includes interest / mark-up on long-term financing amounting to Rs. 165.67 million (March 31, 2020: Rs. 282.99 million), interest / mark-up on short-term borrowings and bank charges amounting to Rs. 134.57 million (March 31, 2020: Rs. 334.23 million).

## 10. TAXATION

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

## 11. EARNINGS PER SHARE

|   | Period ended                     |                                  | Quarter ended                    |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | March 31,<br>2021<br>(Unaudited) | March 31,<br>2020<br>(Unaudited) | March 31,<br>2021<br>(Unaudited) | March 31,<br>2020<br>(Unaudited) |
| Net profit for the period (Rupees'000)                                | 568,204                          | 40,300                           | 214,524                          | 1,214                            |
| Weighted average number of ordinary shares in issue during the period | 42,506,835                       | 42,506,835                       | 42,506,835                       | 42,506,835                       |
| Earnings per share- basic and diluted                                 | Rs. 13.37                        | Re. 0.95                         | Rs. 5.05                         | Re. 0.03                         |

## 12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. There have been no changes in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortized cost in these condensed interim financial statements approximate their fair values.

## 13. SEGMENT REPORTING

Segment information is presented in respect of the Company's business. The primary format and business segment is based on the Company's management reporting structure.

### Type of segments

Bags manufacturing division  
Flexible packaging division

### Nature of business

Kraft paper and Polypropylene bags manufacturing  
Extrusion, Flexo Graphic and Rotogravure printing

### 13.1 Segment analysis and reconciliation for the period ended March 31, 2021

|   | Bags manufacturing division   |                               | Flexible packaging division   |                               | Total                         |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) |
|   | (Rupees '000)                 |                               |                               |                               |                               |                               |
| <b>Sales</b>  |                               |                               |                               |                               |                               |                               |
| External Sales  | 6,737,313                     | 6,027,076                     | 1,483,077                     | 1,275,300                     | 8,220,390                     | 7,302,376                     |
| Inter-segment sales   | -                             | -                             | -                             | -                             | -                             | -                             |
| <b>Total Revenue</b>  | 6,737,313                     | 6,027,076                     | 1,483,077                     | 1,275,300                     | 8,220,390                     | 7,302,376                     |
| <br>Depreciation and amortization   | 135,170                       | 140,663                       | 114,559                       | 113,980                       | 249,729                       | 254,643                       |
| <br>Finance costs   | 42,888                        | 99,222                        | 109,457                       | 183,763                       | 152,345                       | 282,985                       |
| <br><b>Operating profit / (loss) before tax and before unallocated expenses</b> | 1,392,953                     | 872,343                       | (407,846)                     | (480,542)                     | 985,107                       | 391,801                       |
| <br><b>Unallocated corporate expenses</b>                                       |                               |                               |                               |                               |                               |                               |
| Finance costs   | -                             | -                             | -                             | -                             | (147,899)                     | (334,237)                     |
| Other expenses  | -                             | -                             | -                             | -                             | (59,888)                      | (16,707)                      |
| Other income  | -                             | -                             | -                             | -                             | 23,126                        | 16,564                        |
| Taxation  | -                             | -                             | -                             | -                             | (232,242)                     | (17,121)                      |
| <b>Net profit for the period</b>  | -                             | -                             | -                             | -                             | 568,204                       | 40,300                        |



### 13.2 Segment analysis and reconciliation for the quarter ended March 31, 2021

|   | Bags manufacturing division   |                               | Flexible packaging division   |                               | Total                         |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) |
|   | (Rupees '000)                 |                               |                               |                               |                               |                               |
| <b>Sales</b>  |                               |                               |                               |                               |                               |                               |
| External sales  | 2,381,940                     | 2,010,033                     | 545,078                       | 317,723                       | 2,927,018                     | 2,327,756                     |
| Inter-segment sales   | -                             | -                             | -                             | -                             | -                             | -                             |
| <b>Total Revenue</b>  | 2,381,940                     | 2,010,033                     | 545,078                       | 317,723                       | 2,927,018                     | 2,327,756                     |
| Depreciation and amortization   | 45,682                        | 47,291                        | 38,739                        | 38,138                        | 84,421                        | 85,429                        |
| Finance costs   | 12,370                        | 45,795                        | 33,464                        | 61,788                        | 45,834                        | 107,583                       |
| <b>Operating profit / (loss) before tax and before unallocated expenses</b> | 486,571                       | 249,911                       | (121,994)                     | (157,809)                     | 364,577                       | 92,102                        |
| <b>Unallocated corporate expenses</b>                                       |                               |                               |                               |                               |                               |                               |
| Finance costs   | -                             | -                             | -                             | -                             | (48,791)                      | (83,318)                      |
| Other expenses  | -                             | -                             | -                             | -                             | (23,204)                      | (11,655)                      |
| Other income  | -                             | -                             | -                             | -                             | 12,647                        | 4,514                         |
| Taxation  | -                             | -                             | -                             | -                             | (90,705)                      | (429)                         |
| <b>Net profit for the period</b>  | -                             | -                             | -                             | -                             | 214,524                       | 1,214                         |

### 13.3 Reportable Segment assets and liabilities

|                          | Bags manufacturing division   |                            | Flexible packaging division   |                            | Total                         |                            |
|--------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
|                          | March 31, 2021<br>(Unaudited) | June 30, 2020<br>(Audited) | March 31, 2021<br>(Unaudited) | June 30, 2020<br>(Audited) | March 31, 2021<br>(Unaudited) | June 30, 2020<br>(Audited) |
|                          | (Rupees '000)                 |                            |                               |                            |                               |                            |
| Segment assets           | 5,994,292                     | 6,059,876                  | 4,213,210                     | 3,950,535                  | 10,207,502                    | 10,010,411                 |
| Unallocated assets       | -                             | -                          | -                             | -                          | 1,710,491                     | 1,150,320                  |
| <b>Total assets</b>      | 5,994,292                     | 6,059,876                  | 4,213,210                     | 3,950,535                  | 11,917,993                    | 11,160,731                 |
| Segment liabilities      | 645,000                       | 895,000                    | 1,821,993                     | 1,800,000                  | 2,466,993                     | 2,695,000                  |
| Unallocated liabilities  | -                             | -                          | -                             | -                          | 3,802,194                     | 3,691,327                  |
| <b>Total liabilities</b> | 645,000                       | 895,000                    | 1,821,993                     | 1,800,000                  | 6,269,187                     | 6,386,327                  |

**13.3.1** Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Certain assets and liabilities of the Company cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

## 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, directors, executives, and retirement funds. Transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

| Relationship             | Nature of transactions                             | Period ended                  |                               | Quarter ended                 |                               |
|--------------------------|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                          |  | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) | March 31, 2021<br>(Unaudited) | March 31, 2020<br>(Unaudited) |
|                          |  | (Rupees '000)                 |                               |                               |                               |
| Associated companies     | Purchase of goods                                  | 1,005                         | 1,451                         | -                             | 806                           |
|                          | Purchase of fixed assets                           | 52,906                        | 21,203                        | 15,554                        | 11,612                        |
|                          | Sale of goods                                      | 1,782,412                     | 1,631,348                     | 612,525                       | 543,953                       |
|                          | Services received                                  | 37,387                        | 35,856                        | 13,537                        | 12,304                        |
|                          | IT support charges                                 | 11,250                        | 11,250                        | 3,750                         | 3,750                         |
|                          | Dividend received                                  | 5,328                         | 4,843                         | 5,328                         | -                             |
|                          | Dividend paid                                      | 23,450                        | 26,648                        | 11,725                        | -                             |
| Key management personnel | Remuneration                                       | 122,095                       | 119,283                       | 45,521                        | 42,851                        |
| Other related parties    | Contribution to staff provident and gratuity funds | 19,494                        | 19,107                        | 11,732                        | 5,770                         |
|                          | Services received                                  | 9,074                         | 11,103                        | 3,100                         | 3,978                         |

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

## 15. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on April 28, 2021 by the Board of Directors of the Company.

## 16. GENERAL

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

  
**Amer Faruque**  
Chief Executive

  
**Aslam Faruque**  
Director

  
**Yasir Masood**  
Chief Financial Officer



GHULAM FARUQUE  
GROUP

**Cherat Packaging Limited**

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