



Cherat Packaging Limited
A Ghulam Faruque Group Company

for all your
Packaging
Needs



Un-Audited Accounts
March 31, 2022

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Company Information

Board of Directors

Mr. Akbarali Pesnani	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

Director and Chief Operating Officer

Mr. Abid Vazir

Chief Financial Officer

Syed Waqar Haider Shah

Company Secretary

Ms. Hina Mir

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
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
Faysal Bank Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd
The Bank of Khyber

Share Registrar

CDC Share Registrar Services Limited.
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, 2022.

Overview

Pakistan has been able to navigate through the impact of pandemic relatively better than most countries. Effective management by the government and launch of nation-wide vaccination campaign ensured steady recovery from COVID – 19 pandemic. However, global supply chain issues and unprecedented rise in international commodity prices including oil put a dent on the pace of recovery of the national economy just as it had started to show signs of achieving financial stability. Furthermore, ongoing political uncertainty in the country and its resultant fallout including devaluation of Pak rupee together with increase in discount rates by State Bank of Pakistan have also had a negative financial impact on the industry. Despite the above, during the nine months period under review, the Company has once again delivered a strong financial performance aided by an increase in sales volumes and prudent operational management.

Operating performance

There has been a 22% increase in the sales revenues of the Company from the corresponding period last year. During the period under review, there has been an increase in sales volume of Flexible Packaging material. A sharp rise was seen in cost of various input items like Kraft paper, PP granules and other raw materials. This has led to increase in cost of production. During the period, there was increase in other expenses on account of provision of WPPF and WWF due to higher profitability. Furthermore, there was also an increase in finance cost due to higher utilization of running finance facility and enhancement in discount rates by State Bank of Pakistan. For the nine month period ended March 31, 2022 the Company posted an after-tax profit of Rs. 727 million.

Expansion of Flexible Packaging Business

As informed in the previous report, the Company has decided to acquire another Rotogravure printer together with allied equipment to enhance the production capacity of Flexible Packaging Division. We are pleased to inform you that the Company has placed the order for the equipment with leading European suppliers including M/s. Windmoller & Holscher. The expansion, which will cost approximately Rs. 1 billion, will be financed by way of a long term loan and is expected to be completed by March 2023.

Future Prospects

The Company's results demonstrate its strong business and financial fundamentals. By way of timely and regular investments in its business, the Company has positioned itself well to meet the demand for packaging materials

not only from the cement sector but also from other industries including the FMCG sector. This aligns with the long-term objective of the Company of being a leading packaging player in the country.

Going forward, the national economy is expected to stabilize and continue on path to recovery. However, its pace will largely be dependent on improvement in external flows, geopolitical environment, and global commodity prices. We continue to experience sharp rise in international shipping freights and major commodity prices like oil. There has been a major impact on cost of key raw materials like Kraft paper and polypropylene granules, which is an area of concern for the Company. Increase in fuel prices has not only resulted in a surge in inland transportation but has also led to increase in power tariff. As part of monetary policy tightening, State Bank of Pakistan has increased the discount rates by 525 bps during last few months, which will have a significant impact on the finance cost of the Company.

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 26, 2022

Condensed Interim Statement of Financial Position


As at March 31, 2022

ASSETS	Note	March 31,	June 30,
		2022 (Unaudited)	2021 (Audited)
(Rupees '000)			
NON-CURRENT ASSETS			
FIXED ASSETS			
Property, plant & equipment	4	5,632,056	5,015,073
Intangible assets		3,990	4,649
		<u>5,636,046</u>	<u>5,019,722</u>
Long-term investments	5	755,249	949,710
Long-term security deposits		721	9,378
		<u>6,392,016</u>	<u>5,978,810</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		456,921	389,371
Stock-in-trade		3,832,999	3,152,295
Trade debts		2,753,462	2,254,629
Loans and advances		13,961	11,682
Trade deposits and short-term prepayments		39,128	39,937
Other receivables		138,208	162,475
Taxation-net		595,618	575,487
Cash and bank balances		24,381	22,468
		<u>7,854,678</u>	<u>6,608,344</u>
TOTAL ASSETS		<u>14,246,694</u>	<u>12,587,154</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (June 30, 2021: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
		<u>425,069</u>	<u>425,069</u>
Share capital			
Reserves		5,934,793	5,614,771
		<u>6,359,862</u>	<u>6,039,840</u>
NON-CURRENT LIABILITIES			
Long-term financing - secured	6	1,847,881	2,065,544
Deferred taxation		666,750	571,478
Government grant		242,930	6,005
		<u>2,757,561</u>	<u>2,643,027</u>
CURRENT LIABILITIES			
Trade and other payables		1,593,807	1,146,325
Accrued mark-up		107,765	88,392
Short-term borrowings - secured	7	2,672,781	1,944,741
Current maturity of long-term financings	6	706,581	703,007
Current maturity of Government grant		36,576	11,535
Unclaimed dividend		11,761	10,287
		<u>5,129,271</u>	<u>3,904,287</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>14,246,694</u>	<u>12,587,154</u>

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


Amer Faruque
 Chief Executive


Shehryar Faruque
 Director



Syed Waqar Haider Shah
 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)


For the Period Ended March 31, 2022

Note	Period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(Rupees '000)				
Turnover - net	10,021,091	8,220,390	3,458,387	2,927,018
Cost of sales	(8,353,157)	(6,858,695)	(2,979,001)	(2,428,443)
Gross profit	1,667,934	1,361,695	479,386	498,575
Distribution costs	(169,716)	(145,708)	(54,942)	(61,467)
Administrative expenses	(98,899)	(78,535)	(34,416)	(26,697)
Other expenses	(73,525)	(59,888)	(15,784)	(23,204)
	(342,140)	(284,131)	(105,142)	(111,368)
Other income	29,553	23,126	10,804	12,647
Operating profit	1,355,347	1,100,690	385,048	399,854
Finance costs	9	(334,751)	(300,244)	(139,477)
Profit before taxation	1,020,596	800,446	245,571	305,229
Taxation	10	(293,578)	(232,242)	(90,705)
Net profit	727,018	568,204	173,352	214,524
Earnings per share - basic and diluted	Rs. 17.10	Rs. 13.37	Rs. 4.08	Rs. 5.05

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


Amer Faruque
Chief Executive


Shehryar Faruque
Director


Syed Waqar Haider Shah
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended March 31, 2022

	Period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees '000)			
Net profit	727,018	568,204	173,352	214,524
Other comprehensive (loss) / income				
Items that may not be reclassified subsequently to the statement of profit or loss:				
Unrealized (loss)/gain on re-measurement of equity investments at fair value through other comprehensive income	(194,461)	391,212	(39,585)	76,772
Total comprehensive income	<u>532,557</u>	<u>959,416</u>	<u>133,767</u>	<u>291,296</u>

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



Amer Faruque
Chief Executive



Shehryar Faruque
Director



Syed Waqar Haider Shah
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended March 31, 2022

Note	March 31, 2022	March 31, 2021
(Rupees '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,020,596	800,446
Adjustments for:		
Depreciation	254,607	248,964
Amortisation	659	765
Loss / (gain) on disposal of operating property, plant and equipment	2,590	(6,970)
Government grant amortised	(11,984)	(5,328)
Dividend income	(6,660)	-
Finance costs	334,751	300,244
	<u>573,963</u>	<u>537,675</u>
	1,594,559	1,338,121
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(67,550)	(35,986)
Stock-in-trade	(680,704)	24,180
Trade debts	(498,833)	(283,534)
Loans and advances	(2,279)	(23,769)
Trade deposits and short-term prepayments	809	(23,201)
Other receivables	24,267	80,707
	<u>(1,224,290)</u>	<u>(261,603)</u>
	370,269	1,076,518
Increase in current liabilities:		
Trade and other payables	447,482	537,852
Cash generated from operations	<u>817,751</u>	<u>1,614,370</u>
Income tax paid	(218,437)	(199,960)
Long-term loans and deposits - net	8,657	56
Net cash generated from operating activities	<u>607,971</u>	<u>1,414,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred - net of borrowing costs	(881,547)	(142,993)
Proceeds from disposal of operating property, plant and equipment	10,902	10,009
Dividend received	6,660	5,328
Net cash used in investing activities	<u>(863,985)</u>	<u>(127,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing obtained	655,511	168,612
Long-term financing repaid	(607,634)	(237,702)
Short-term borrowings - net	728,040	(705,886)
Finance costs paid	(306,929)	(409,495)
Dividends paid	(211,061)	(84,642)
Net cash generated from / (used in) financing activities	<u>257,927</u>	<u>(1,269,113)</u>
Net increase in cash and cash equivalents	1,913	17,697
Cash and cash equivalents at the beginning of the period	22,468	15,022
Cash and cash equivalents at the end of the period	<u>24,381</u>	<u>32,719</u>

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



Amer Faruque
Chief Executive



Shehryar Faruque
Director




Syed Waqar Haider Shah
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)


For the Period Ended March 31, 2022

Issued, Subscribed and Paid-up Capital	Reserves					Total Reserves	Total	
	Capital Reserve	Revenue Reserves		Other Components of Equity				
		Share premium	General reserve	Unappropriated profit	Actuarial gain on defined benefit plan-net of deferred tax			Unrealised gain / (loss) on equity investments at fair value through Other comprehensive income
(Rupees '000)								
Balance as at July 1, 2020	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 June 30, 2020 @ Re. 1.00/- per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Interim cash dividend for the period ended December 31, 2020 @ Re. 1.00/- per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Net profit	-	-	-	568,204	-	-	568,204	568,204
Other comprehensive income	-	-	-	-	-	391,212	391,212	391,212
Total comprehensive income	-	-	-	568,204	-	391,212	959,416	959,416
Balance as at March 31, 2021	<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>
Balance as at July 01, 2021	425,069	998,628	180,000	3,676,676	14,989	744,478	5,614,771	6,039,840
Final cash dividend for the year ended June 30, 2021 @ Rs. 4.00 per share	-	-	-	(170,028)	-	-	(170,028)	(170,028)
Interim cash dividend for the period ended December 31, 2021 @ Re. 1.00/- per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Net profit	-	-	-	727,018	-	-	727,018	727,018
Other comprehensive income	-	-	-	-	-	(194,461)	(194,461)	(194,461)
Total comprehensive income	-	-	-	727,018	-	(194,461)	532,557	532,557
Balance as at March 31, 2022	<u>425,069</u>	<u>998,628</u>	<u>180,000</u>	<u>4,191,159</u>	<u>14,989</u>	<u>550,017</u>	<u>5,934,793</u>	<u>6,359,862</u>

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


Amer Faruque
Chief Executive


Shehryar Faruque
Director


Syed Waqar Haider Shah
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended March 31, 2022

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

The global pandemic of COVID-19 has a far-reaching impact on global economy including Pakistan. Though businesses in Pakistan were badly affected however, construction sector was moderately affected due to incentives and construction package extended by the Government. Intensity of the pandemic is now fading away due to large scale vaccination drive, booster doses and effective strategies adopted by the NCOC. All allied restrictions have been lifted as per the guidelines of the Government. All of our staff is fully vaccinated and is in process of getting booster doses however, we are encouraging employees to voluntarily follow relevant SOPs. The management has assessed and concluded that there is no significant accounting impact of COVID-19 in these condensed interim financial statements.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are 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.

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, 2021.

3.2 Amendments to approved accounting standards adopted during the period

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

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments)
IFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
(Rupees '000)			
Opening Net Book Value (NBV)		4,757,442	4,953,165
Additions during the period / year - at cost	4.1	999,884	145,934
		<u>5,757,326</u>	<u>5,099,099</u>
Depreciation charged during the period / year		(254,607)	(333,369)
Disposals during the period / year - at NBV		<u>(13,492)</u>	<u>(8,288)</u>
Closing NBV		5,489,227	4,757,442
Capital work-in-progress	4.2	142,829	257,631
		<u>5,632,056</u>	<u>5,015,073</u>

4.1 Additions during the period / year

Leasehold land	-	4,605
Building on leasehold land	90,346	12,713
Plant and machinery	685,007	34,098
Power and other installations	150,928	26,951
Furniture and fittings	13,282	9,147
Vehicles	40,467	41,534
Equipment	11,700	8,994
Computers	8,154	7,892
	<u>999,884</u>	<u>145,934</u>

4.1.1 The Company has successfully commissioned its fourth Polypropylene bags manufacturing line in February 2022.

4.2 Capital work-in-progress

Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
(Rupees '000)		
Building on leasehold land	6,093	44,509
Plant and machinery	22,766	46,888
Power and other installations	237	105,390
Furniture and fittings	-	370
Vehicles	31,813	2,687
Equipment	81,920	57,787
	<u>142,829</u>	<u>257,631</u>

5. LONG-TERM INVESTMENTS

Investment in related parties

At fair value through other comprehensive income

Cherat Cement Company Limited

5,327,698 (June 30, 2021: 5,327,698)

Ordinary shares of Rs. 10/- each 750,566 945,027

Joint venture

UniEnergy Limited

4,683

4,683

755,249

949,710

6. LONG-TERM FINANCING – secured

Islamic banks

Fixed Assets Refinance

- Polypropylene Line III

135,000

225,000

Fixed Assets Refinance - Kraftpaper Line V

300,000

420,000

Islamic Finance Facility for Renewable Energy

80,950

103,366

515,950

748,366

Conventional banks

Fixed Assets Refinance

- Flexible Packaging Line - I

960,000

1,200,000

Fixed Assets Refinance

- Flexible Packaging Line - I

540,000

600,000

Temporary Economic Refinance Facility

- Polypropylene Line IV

6.1 409,513

-

1,909,513

1,800,000

Refinance Scheme for Payment
of Wages and Salaries

128,999

220,185

2,554,462

2,768,551

Current maturities

(706,581)

(703,007)

1,847,881

2,065,544

6.1 Represents a long-term loan obtained from a conventional bank under Temporary Economic Refinance Facility (TERF) as announced by the Government of Pakistan. It carries a flat mark-up at the rate of 1.70 % per annum. The effective interest is calculated at the draw down date and the loan has been recognised at the present value. The loan is repayable in 16 equal semi-annual installments commencing from June 2024 discounted at the effective interest rate. The differential mark-up has been recognised as government grant. The financing is secured against first pari-passu hypothecation charge of Rs. 1,066.67 million on the plant and machinery of the Company.

7. SHORT-TERM BORROWINGS - secured

The Company has facilities obtained from various conventional and islamic banks amounting to Rs. 7,250 million (June 30, 2021: Rs. 6,950 million) out of which Rs. 4,577.22 million (June 30, 2021: Rs. 5,005.26 million) remained unutilised 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, 2021 except as disclosed below:

As fully explained in note 24.1 to the annual financial statements, during the period, the Company challenged the earlier decision of the Honorable High Court of Sindh, in respect of infrastructure cess, in the Honorable Supreme Court of Pakistan which provided relief to the petitioners by issuing stay order and allowing submission of bank guarantee of 100% of the amount till the time the case is finally decided.

8.2 Commitments

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
	(Rupees '000)	
Outstanding letters of guarantee		
- conventional banks	77,018	62,857
Outstanding letters of credit		
- conventional and islamic banks	1,468,651	974,849
Duties payable against bonded stock	-	236
Capital commitments	56,536	14,597

9. FINANCE COSTS

Includes interest / mark-up on long-term financing amounting to Rs. 164.01 million (March 31, 2021: Rs. 165.67 million), interest / mark-up on short-term borrowings and bank charges amounting to Rs. 170.74 million (March 31, 2021: Rs. 134.57 million).

10. TAXATION

	Period ended		Quarter ended	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2021 (Unaudited)
	(Rupees '000)			
Taxation				
Current	(197,694)	(3,379)	(11,420)	(2,211)
Prior	(612)	-	2,064	-
Deferred	(95,272)	(228,863)	(62,863)	(88,494)
	<u>(293,578)</u>	<u>(232,242)</u>	<u>(72,219)</u>	<u>(90,705)</u>

10.1 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.

10.2 As fully explained in note 32.2 to the annual financial statements, during the period, the case has been decided against the company by Peshawar High Court in respect of reduced tax credit under section 65B of Income Tax Ordinance, 2001 from 10% to 5% retrospectively. However, review petition has been filed against the judgement on the basis of the Company's imports made before July 01, 2019.

11. 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, 2021. 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 amortised cost in these condensed interim financial statements approximate their fair values.

12. SEGMENT REPORTING

Segment information is presented in respect of the Company's business. The primary format and business segments are 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

	Bags Manufacturing division Period ended		Flexible Packaging division Period ended		Total Period ended	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
	(Rupees '000)					
Sales						
External sales	7,636,402	6,737,313	2,384,686	1,483,077	10,021,091	8,220,390
Inter-segment sales	-	-	-	-	-	-
Total revenue	7,636,402	6,737,313	2,384,686	1,483,077	10,021,091	8,220,390
Depreciation and amortisation	137,877	135,170	117,389	114,559	255,266	249,729
Finance costs	41,997	42,888	111,881	109,457	153,878	152,345
Operating profit / (loss) before tax and before unallocated expenses	1,572,885	1,392,953	(327,444)	(407,846)	1,245,441	985,107
Unallocated corporate expenses						
Finance costs	-	-	-	-	(180,873)	(147,899)
Other expenses	-	-	-	-	(73,525)	(59,888)
Other income	-	-	-	-	29,553	23,126
Taxation	-	-	-	-	(293,578)	(232,242)
Net profit	-	-	-	-	<u>727,018</u>	<u>568,204</u>

	Bags Manufacturing division Quarter ended		Flexible Packaging division Quarter ended		Total Quarter ended	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
	(Rupees '000)					
Sales						
External sales	2,568,611	2,381,940	889,776	545,078	3,458,387	2,927,018
Inter-segment sales	-	-	-	-	-	-
Total revenue	2,568,611	2,381,940	889,776	545,078	3,458,387	2,927,018
Depreciation and amortisation	52,821	45,682	40,131	38,739	92,952	84,421
Finance costs	20,813	12,370	43,656	33,464	64,469	45,834
Operating profit / (loss) before tax and before unallocated expenses	431,841	486,571	(106,282)	(121,994)	325,559	364,577
Unallocated corporate expenses						
Finance costs	-	-	-	-	(75,008)	(48,791)
Other expenses	-	-	-	-	(15,784)	(23,204)
Other income	-	-	-	-	10,804	12,647
Taxation	-	-	-	-	(72,219)	(90,705)
Net profit	-	-	-	-	<u>173,352</u>	<u>214,524</u>

12.2 Reportable Segment assets and liabilities

	Bags manufacturing division		Flexible packaging division		Total	
	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
	(Rupees '000)					
Segment assets	7,800,582	6,382,627	4,858,252	4,427,745	12,658,834	10,810,372
Unallocated assets	-	-	-	-	1,587,860	1,776,782
Total assets	7,800,582	6,382,627	4,858,252	4,427,745	14,246,694	12,587,154
Segment liabilities	1,110,331	665,227	1,6312,632	1,943,662	2,742,963	2,608,889
Unallocated liabilities	-	-	-	-	5,143,869	3,938,425
Total liabilities	1,110,331	665,227	1,632,632	1,943,662	7,886,832	6,547,314

12.2.1 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.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, retirement funds and key management personnel of the Company. 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, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
		(Rupees '000)			
Associated companies	Purchase of goods	6,825	1,005	434	-
	Purchase of fixed assets	30,557	52,906	6,783	15,554
	Sale of goods	2,001,117	1,782,412	746,676	612,525
	Services received	40,355	37,387	10,628	13,537
	IT support charges	11,995	11,250	3,998	3,750
	Dividend received	6,660	5,328	6,660	5,328
	Dividend paid	50,102	23,450	11,724	11,725
Key management personnel	Remuneration	163,680	122,095	54,797	45,521
Other related parties	Contribution to staff provident and gratuity funds	23,175	19,494	12,561	11,732
	Insurance premium	16,132	9,074	5,898	3,100

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

14. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 26, 2022 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



Shehryar Faruque
Director



Syed Waqar Haider Shah
Chief Financial Officer



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