



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

It's all about  
*Preservation*



**UNAUDITED  
ACCOUNTS  
MARCH 31,  
2023**



**GHULAM FARUQUE  
GROUP**

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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 Kazmi

## 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  
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## Head Office

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## Factory

Plot No. 26, Gadoon Amazai  
Industrial Estate, District Swabi,  
Khyber Pakhtunkhwa  
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## Regional Offices

### Lahore

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

### Islamabad

1st Floor, Razia Sharif Plaza,  
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# Directors' Review

The Board of Directors is pleased to present the financial results of the Company for the nine months period ended March 31, 2023.

## Overview

The country's economy is perhaps going through the most challenging times in its history with rising inflation, increasing fiscal deficit and uncertainty over external financing. Measures taken by the government like import restrictions, unprecedented increase in discount rates, and rise in energy costs have further compounded the situation for the industry. The packaging industry like several others in the country has been affected by an overall economic slowdown in business activities. Import restrictions imposed by the government to overcome trade deficit and declining foreign reserves have not only resulted in significant demand curtailment but have also led to shortage of critical raw materials, which is having an adverse impact on the operations.

There was an increase in the sales revenue of the Company during the period under review primarily because of increase in sales volume of flexible packaging material. However, because of general slowdown in cement dispatches mainly because of economic conditions, quantity of bags sold was lower than the corresponding period last year.

## Operating performance

There has been a 24% rise in the sales revenues of the Company from the corresponding period last year. There was a substantial increase in the cost of various input items like Kraft paper, PP granules and other raw materials because of significant devaluation of Pak rupee and rise in associated costs. This resulted in an increase in cost of production for the Company. During the period, there was also a marked increase in finance cost due to higher utilization of running finance facility and increase in discount rates by State Bank of Pakistan. For the nine months period ended March 31, 2023 the Company posted an after-tax profit of Rs. 684 million.

## Dividend

The Board of Directors in its meeting held on 27th April, 2023 has declared an interim cash dividend of Re.1.00 per share i.e. 10% and bonus shares @ 5%. Share transfer books will remain closed from May 10, 2023 to May 12, 2023 (both days inclusive).

## **Expansion of Flexible Packaging Business**

Work on the commissioning of the second Rotogravure printer is currently in progress and is expected to be completed by May 2023. Furthermore, the Company has placed the order for its second Flexographic printer together with allied equipment to enhance the production capacity of Flexible Packaging Division. The expansion will be financed through a long term loan and is expected to be completed by March 2024.

## **Future Prospects**

The economic outlook of the country is expected to be shaped largely by the restoration of political stability and continued implementation of economic reforms to revive the International Monetary Fund program - aimed at stabilizing the economy. The Company is striving to be a leading player in the field of packaging through continuous expansions and realignments of its existing businesses.

During the last few years, there has been a continuous shift in the consumption of bags from papersacks to polypropylene bags by the cement industry because of rising price difference. A major portion of the market has now switched to using polypropylene bags for packing cement. Cognizant of the changes in the consumption pattern, the Company has already started taking necessary measures to effectively face the situation.

The Company will continue to mitigate external challenges by leveraging on its financial strength and operational efficiencies. However, the management of the Company remains extremely concerned about the severe shortage of raw material due to import restrictions imposed by the government. In these highly uncertain and unusual economic times, your Company is closely monitoring the situation and will continue to take appropriate measures to safeguard the interests of stakeholders.

## **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.

### **On behalf of the Board of Directors**



**Akbarali Pesnani**  
Chairman



**Amer Faruque**  
Chief Executive

April 27, 2023

# Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant & equipment	4	6,620,727	5,555,646
Intangible assets		4,073	4,599
		6,624,800	5,560,245
Long-term investments	5	604,521	500,418
Long-term security deposits		721	721
		7,230,042	6,061,384
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		557,243	480,428
Stock-in-trade		6,228,351	4,661,360
Trade debts		2,447,097	2,840,738
Loans and advances		51,041	6,378
Trade deposits and short-term prepayments		271,817	34,915
Other receivables		254,515	263,260
Short term Investment	6	40,000	-
Taxation-net		446,241	544,069
Cash and bank balances		27,641	29,125
		10,323,946	8,860,273
<b>TOTAL ASSETS</b>		<b>17,553,988</b>	<b>14,921,657</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
100,000,000 (June 30, 2022: 100,000,000)			
ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Share capital		467,576	425,069
Reserves		6,512,285	5,830,488
		6,979,861	6,255,557
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	7	2,106,697	1,781,601
Deferred taxation		778,999	732,555
Government grant		221,191	243,354
		3,106,887	2,757,510
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,686,946	1,772,086
Accrued mark-up		283,254	145,983
Short-term borrowings - secured	8	4,921,955	3,269,026
Current maturity of long-term financing	7	535,881	676,024
Current maturity of Government grant		29,046	34,811
Unclaimed dividend		10,158	10,660
		7,467,240	5,908,590
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,553,988</b>	<b>14,921,657</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Abid Vazir**  
Director



**Syed Waqar Haider Kazmi**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended March 31, 2023

Note	Period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)			
<b>Turnover - net</b>	12,407,573	10,021,091	4,564,238	3,458,387
Cost of sales	(10,168,247)	(8,353,157)	(3,372,763)	(2,979,001)
<b>Gross profit</b>	2,239,326	1,667,934	1,191,475	479,386
Distribution costs	(186,035)	(169,716)	(55,945)	(54,942)
Administrative expenses	(151,353)	(98,899)	(54,525)	(34,416)
Other expenses	(58,481)	(73,525)	(40,030)	(15,784)
	(395,869)	(342,140)	(150,500)	(105,142)
Other income	76,375	29,553	30,962	10,804
<b>Operating profit</b>	1,919,832	1,355,347	1,071,937	385,048
Finance costs	(914,970)	(334,751)	(351,212)	(139,477)
<b>Profit before taxation</b>	1,004,862	1,020,596	720,725	245,571
Taxation	(320,901)	(293,578)	(241,227)	(72,219)
<b>Net profit</b>	683,961	727,018	479,498	173,352
<b>Earnings per share - basic and diluted</b>	12	Rs. 14.63	(Restated) Rs. 15.55	(Restated) Rs. 3.71
			Rs. 10.25	

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
**Amer Faruque**  
 Chief Executive

  
**Abid Vazir**  
 Director

  
**Syed Waqar Haider Kazmi**  
 Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended March 31, 2023

	Period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)			
<b>Net profit</b>	683,961	727,018	479,498	173,352
<b>Other comprehensive income / (loss)</b>				
<b>Items that may not be reclassified subsequently to the statement of profit or loss:</b>				
Unrealised gain / (loss) on re-measurement of equity investments at fair value through other comprehensive income	104,103	(194,461)	56,899	(39,585)
<b>Total comprehensive income</b>	<u>788,064</u>	<u>532,557</u>	<u>536,397</u>	<u>133,767</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Abid Vazir**  
Director



**Syed Waqar Haider Kazmi**  
Chief Financial Officer



# Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		1,004,862	1,020,596
<b>Adjustments for:</b>			
Depreciation	4	291,824	254,607
Amortisation		526	659
(Gain) / loss on disposal of operating property, plant and equipment		(11,879)	2,590
Government grant amortised		(29,950)	(11,984)
Dividend income		(15,983)	(6,660)
Finance costs		914,970	334,751
		<u>1,149,508</u>	<u>573,963</u>
		2,154,370	1,594,559
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		(76,815)	(67,550)
Stock-in-trade		(1,566,991)	(680,704)
Trade debts		393,641	(498,833)
Loans and advances		(44,663)	(2,279)
Trade deposits and short-term prepayments		(236,902)	809
Other receivables		8,745	24,267
Short-term investment		(40,000)	-
		<u>(1,562,985)</u>	<u>(1,224,290)</u>
		591,385	370,269
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		(85,140)	447,482
<b>Cash generated from operations</b>		506,245	817,751
Income tax paid		(176,629)	(218,437)
Long-term security deposits		-	8,657
<b>Net cash generated from operating activities</b>		329,616	607,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred - net of borrowing costs		(1,360,007)	(881,547)
Proceeds from disposal of operating property, plant and equipment		20,199	10,902
Dividend received		15,983	6,660
<b>Net cash used in investing activities</b>		<u>(1,323,825)</u>	<u>(863,985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing - net		157,025	47,877
Finance costs paid		(752,967)	(306,929)
Dividends paid		(64,262)	(211,061)
<b>Net cash used in financing activities</b>		<u>(660,204)</u>	<u>(470,113)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(1,654,413)</u>	<u>(726,127)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		(3,239,901)	(1,922,273)
<b>Cash and cash equivalents at the end of the period</b>	15	<u>(4,894,314)</u>	<u>(2,648,400)</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
**Amer Faruque**  
 Chief Executive

  
**Abid Vazir**  
 Director

  
**Syed Waqar Haider Kazmi**  
 Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the Period Ended March 31, 2023

	Issued, Subscribed and Paid-up Capital	Reserves					Total Reserves	Total
		Capital Reserves	Revenue Reserves		Other Components of Equity			
			Share premium	General reserves	Unappropriated profit	Actuarial gain on gratuity fund - net of deferred tax		
(Rupees in '000)								
<b>Balance as at July 01, 2021</b>	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 for the period	-	-	-	727,018	-	-	727,018	727,018
Other comprehensive loss	-	-	-	-	-	(194,461)	(194,461)	(194,461)
Total comprehensive income / (loss)	-	-	-	727,018	-	(194,461)	532,557	532,557
<b>Balance as at March 31, 2022</b>	425,069	998,628	180,000	4,191,159	14,989	550,017	5,934,793	6,359,862
<b>Balance as at July 01, 2022</b>	425,069	998,628	180,000	4,349,650	7,070	295,140	5,830,488	6,255,557
Final cash dividend for the year ended June 30, 2022 @ Rs. 1.50 per share	-	-	-	(63,760)	-	-	(63,760)	(63,760)
Bonus shares issued in the ratio of 10 shares for every 100 shares held.	42,507	-	-	(42,507)	-	-	(42,507)	-
Net profit for the period	-	-	-	683,961	-	-	683,961	683,961
Other comprehensive income	-	-	-	-	-	104,103	104,103	104,103
Total comprehensive income	-	-	-	683,961	-	104,103	788,064	788,064
<b>Balance as at March 31, 2023</b>	467,576	998,628	180,000	4,927,344	7,070	399,243	6,512,285	6,979,861

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Abid Vazir**  
Director



**Syed Waqar Haider Kazmi**  
Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended March 31, 2023

## 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.

## 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;
- 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 the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022.

## 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, 2022, except for the adoption of amendments and improvements to approved accounting standards which became effective for the current period as disclosed in note 3.2 to these condensed interim financial statements.

### 3.2 Amendments to approved accounting standards adopted during the period

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

#### Amendments

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

## Improvements to accounting standards issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture - Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

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

Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening Net Book Value (NBV)	5,425,194	4,757,442
Additions during the period / year - at cost	346,448	1,037,122
	5,771,642	5,794,564
Depreciation charged during the period / year	(291,824)	(354,931)
Disposals during the period / year - at NBV	(8,320)	(14,439)
Closing NBV	5,471,498	5,425,194
Capital work-in-progress	1,149,229	130,452
	6,620,727	5,555,646
<b>4.1 Additions during the period / year</b>		
Building on leasehold land	1,560	90,346
Plant and machinery	222,324	685,007
Power and other installations	-	150,928
Furniture and fittings	9,039	15,834
Vehicles	80,319	73,311
Equipment	25,282	12,109
Computers	7,924	9,587
	346,448	1,037,122
<b>4.2 Capital work-in-progress</b>		
Opening balance	130,452	257,631
Capital expenditure incurred / advances made during the period / year	1,365,225	909,943
Transferred to operating property, plant and equipment	(346,448)	(1,037,122)
Closing balance	1,149,229	130,452

**4.2.1** During the period, borrowing costs have been capitalised amounting to Rs. 5.22 million using capitalization rate of 16.08% per annum on account of long-term financing obtained for the import of Rotogravure line II as fully mentioned in note 7.1 to these financial statements.

## 5. LONG-TERM INVESTMENTS

### Investment in related parties

#### At fair value through other comprehensive income

Cherat Cement Company Limited  
5,327,698 (June 30, 2022: 5,327,698)  
Ordinary shares of Rs. 10/- each

#### Joint venture

UniEnergy Limited  
462,000 (June 30, 2022: 462,000)  
Ordinary shares of Rs. 10/- each

	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
	599,792	495,689
	4,729	4,729
	<u>604,521</u>	<u>500,418</u>

## 6. SHORT TERM INVESTMENT

Represents Term Deposit Receipt (TDR) from a commercial bank carrying a markup at 14.5% per annum. The Company has obtained Guarantees for Sindh Infrastructure Development Cess against the TDR.

## 7. LONG-TERM FINANCING - SECURED

### Islamic banks

Fixed Assets Refinance - Polypropylene Line - III  
Fixed Assets Refinance - Kraft paper Line - V  
Islamic Finance Facility for Renewable Energy  
Fixed Assets Refinance - Rotogravure  
Printing Line - II Project

Note

	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
	45,000	135,000
	180,000	300,000
	76,717	80,268
	770,669	-
	<u>1,072,386</u>	<u>515,268</u>
	720,000	960,000
	420,000	480,000
	430,192	404,733
	1,570,192	1,844,733
	-	97,624
	2,642,578	2,457,625
	(535,881)	(676,024)
	<u>2,106,697</u>	<u>1,781,601</u>

### Conventional banks

Fixed Assets Refinance - Flexible Packaging Line - I  
Tranche 1  
Tranche 2  
Temporary Economic Refinance Facility (TERF)  
- Polypropylene Line - IV

Refinance Scheme for Payment of Wages  
and Salaries

Current maturities

7.1 Represents Diminishing Musharika obtained during the period from an Islamic bank for the import of Rotogravure printing line II. The approved limit of the loan is Rs. 1,000 million out of which Rs. 229.33 million remained unutilized till the period end. The loan carries mark-up at the rate of 3 months KIBOR plus 0.2 % per annum. The loan is repayable in 10 equal semi-annual instalments commencing after 27 months from the date of first disbursement i.e. from August 16, 2022. It is secured by way of first pari-passu hypothecation charge of Rs. 1,333 million over plant and machinery of the Company.

## 8. SHORT-TERM BORROWINGS - SECURED

The Company has facilities obtained from various conventional and islamic banks amounting to Rs. 9,100 million (June 30, 2022: Rs. 7,550 million) out of which Rs. 4,178 million (June 30, 2022: Rs. 3,981 million) remain unutilized at the period end. These facilities carry markup of 1 and 3 months' KIBOR plus spread ranging from 0.15% to 0.75% (June 30, 2022: 1 and 3 months' KIBOR plus spread ranging from 0.30% to 0.75%).

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2022.

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
		(Rupees in '000)	
<b>9.2 Commitments</b>			
Outstanding letters of guarantee - conventional banks		98,018	77,018
Outstanding letters of credit - conventional and Islamic banks		325,843	2,125,109
Capital commitments	9.2.1	62,113	747,790

9.2.1 These capital commitments have been extended to a related party amounting to Rs. 62.11 million (June 30, 2022: Nil).

## 10. FINANCE COSTS

Includes interest / mark-up on long-term financing amounting to Rs. 243.06 million (March 31, 2022: Rs. 164.01 million), interest / mark-up on short-term borrowings and bank charges amounting to Rs. 671.91 million (March 31, 2022: Rs. 170.74 million).

## 11. TAXATION

	Period ended		Quarter ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
	(Rupees in '000)			
<b>Taxation</b>				
Current	(299,010)	(197,694)	(193,280)	(11,420)
Prior	24,553	(612)	-	2,064
Deferred	(46,444)	(95,272)	(47,947)	(62,863)
	<u>(320,901)</u>	<u>(293,578)</u>	<u>(241,227)</u>	<u>(72,219)</u>

11.1 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.

11.2 The Finance Act, 2022 had introduced super tax on high earning persons for the tax year 2022 and onwards. The Company challenged the applicability of the super tax imposed under section 4C of the Income Tax Ordinance. An interim stay was granted by the Honorable Peshawar High Court (PHC) to file income tax return for the tax year 2022 by excluding the amount of the super tax. Subsequently, PHC ordered to deposit 50% of the super tax liability based on the judgement of the Honorable Supreme Court of Pakistan in a similar case of other companies. Accordingly, the Company deposited 50% of the said super tax liability.

Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has recognized a provision for whole amount of super tax for tax year 2022 in these financial statements.

## 12. EARNINGS PER SHARE - BASIC AND DILUTED

	Period ended		Quarter ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Net profit for the period (Rupees in '000)	683,961	727,018	479,498	173,352
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period	46,757,600	46,757,600	46,757,600	46,757,600
Earnings per share - basic and diluted	Rs. 14.63	Rs. 15.55	Rs. 10.25	Rs. 3.71

## 13. 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, 2022. There have been no changes in any risk management policies since the year end.

### 13.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note	As at 31 March 2023						
	Carrying amount			Fair value			
	Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
	(Rupees in '000)						
Long-term investments	5	-	599,792	599,792	599,792	-	-
		-	599,792	599,792	599,792	-	-

	As at 30 June 2022						
	Carrying amount			Fair value			
	Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
	(Rupees in '000)						
Long-term investments	5	-	495,689	495,689	495,689	-	-
		-	495,689	495,689	495,689	-	-

During the period, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

**13.1.1** Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

#### 14. 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.

##### Types of Segments

##### Nature of Business

Bags Manufacturing Division      Kraft paper and Polypropylene bags manufacturing

Flexible Packaging Division      Extrusion, Flexo Graphic and Rotogravure printing



## 14.1 Segment analysis and reconciliation

	Bags Manufacturing Division Period ended		Flexible Packaging Division Period ended		Total Period ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
	(Rupees in '000)					
<b>Sales</b>						
External sales	8,484,142	7,636,402	3,923,431	2,384,689	12,407,573	10,021,091
Inter-segment sales	-	-	-	-	-	-
<b>Total revenue</b>	8,484,142	7,636,402	3,923,431	2,384,689	12,407,573	10,021,091
Depreciation and amortisation	173,022	137,877	119,328	117,389	292,350	255,266
Finance costs	69,179	41,997	167,369	111,881	236,548	153,878
<b>Profit / (loss) before tax and unallocated expenses</b>	1,664,793	1,572,885	597	(327,444)	1,665,390	1,245,441
<b>Unallocated corporate expenses</b>						
Finance costs	-	-	-	-	(678,422)	(180,873)
Other expenses	-	-	-	-	(58,481)	(73,525)
Other income	-	-	-	-	76,375	29,553
Taxation	-	-	-	-	(320,901)	(293,578)
<b>Net profit</b>	-	-	-	-	683,961	727,018

### Segment analysis and reconciliation for the quarter ended March 31, 2023

	Bags Manufacturing Division Quarter ended		Flexible Packaging Division Quarter ended		Total Quarter ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
	(Rupees in '000)					
<b>Sales</b>						
External sales	3,276,524	2,568,611	1,287,714	889,776	4,564,238	3,458,387
Inter-segment sales	-	-	-	-	-	-
<b>Total revenue</b>	3,276,524	2,568,611	1,287,714	889,776	4,564,238	3,458,387
Depreciation and amortisation	58,816	52,821	40,133	40,131	98,949	92,952
Finance costs	20,665	20,813	57,782	43,656	78,447	64,469
<b>Profit / (loss) before tax and unallocated expenses</b>	894,628	431,841	107,930	(106,282)	1,002,558	325,559
<b>Unallocated corporate expenses</b>						
Finance costs	-	-	-	-	(272,765)	(75,008)
Other expenses	-	-	-	-	(40,030)	(15,784)
Other income	-	-	-	-	30,962	10,804
Taxation	-	-	-	-	(241,227)	(72,219)
<b>Net profit</b>	-	-	-	-	479,498	173,352

## 14.2 Reportable Segment assets and liabilities

	Bags Manufacturing Division		Flexible Packaging Division		Total	
	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)					
Segment assets	9,012,281	8,221,944	6,791,331	5,297,205	15,803,612	13,519,149
Unallocated assets	-	-	-	-	1,750,376	1,402,508
<b>Total assets</b>	<b>9,012,281</b>	<b>8,221,944</b>	<b>6,791,331</b>	<b>5,297,205</b>	<b>17,553,988</b>	<b>14,921,657</b>
Segment liabilities	904,346	1,115,883	2,072,358	1,567,813	2,976,704	2,683,696
Unallocated liabilities	-	-	-	-	7,597,423	5,982,404
<b>Total liabilities</b>	<b>904,346</b>	<b>1,115,883</b>	<b>2,072,358</b>	<b>1,567,813</b>	<b>10,574,127</b>	<b>8,666,100</b>

14.2.1 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.

## 15. CASH AND CASH EQUIVALENTS

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
	(Rupees in '000)	
Cash and bank balances	27,641	24,381
Short-term borrowings - secured	(4,921,955)	(2,672,781)
	<u>(4,894,314)</u>	<u>(2,648,400)</u>

## 16. 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, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
(Rupees in '000)					
Associated companies	Purchase of goods	1,873	6,825	871	434
	Purchase of fixed assets	14,618	30,557	945	6,783
	Sale of goods	2,671,286	2,001,117	1,204,598	746,676
	Services received	45,125	40,355	11,971	10,628
	IT support charges	11,995	11,995	3,998	3,998
	Dividend received	15,983	6,660	-	6,660
	Dividend paid	17,588	50,102	-	11,724
	Key management personnel	Remuneration	210,928	163,680	79,944
Other related parties	Contribution to staff provident and gratuity funds	21,714	23,175	5,637	12,561
	Insurance premium	25,514	16,132	9,565	5,898

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

## 17. DATE OF AUTHORISATION AND INTERIM DIVIDEND

### 17.1 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 27, 2023 by the Board of Directors of the Company.

### 17.2 INTERIM DIVIDEND

The Board of Directors in its meeting held on April 27, 2023 has proposed an interim cash dividend of Re.1.00 per share (December 31, 2021: Re. 1.00 per share) amounting to Rs. 46.76 million (December 31, 2021: Rs. 42.51 million) and bonus shares @ 5% (December 31, 2021: Nil) for the period ended March 31, 2023.

## 18. GENERAL

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

  
**Amer Faruque**  
 Chief Executive

  
**Abid Vazir**  
 Director

  
**Syed Waqar Haider Kazmi**  
 Chief Financial Officer



**Cherat Packaging Limited**

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