



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

for all your  
**Packaging**  
Needs



Annual Report 2021

## About this Report

Cherat Packaging's Annual Report is the blend of Company's voyage of success and progress through values and objectives internalizing its core competitive advantage and value systems and externalizing through successful implementation of corporate strategy to achieve its vision and service to the society.

This report is prepared with an aim to provide users of this report, the Company's insight, strategic edge, risks & opportunities, current & future challenges and its strategic thinking that drives CPL to its success.

### **Our annual report focuses on three main functions:**

- Providing understanding of our business model, value chain, risks and its mitigation strategies;
- Providing Company's approach of achieving sustainable growth and achieve its short and long-term objectives; and
- Clearly identifying management strategies with its impact on financial results of the Company and value creation for the society.

In producing this report, we referred to the framework of International Integrated Reporting, requirements of regulatory bodies, International Financial Reporting Standards and Companies Act, 2017.

Going forward, we intend to make continuous improvements to our Annual Report as a medium of communication with our stakeholders.

**Reporting Scope:** Cherat Packaging Limited

**Reporting Period:** July 01, 2020 to June 30, 2021

**Accounting standards:** International Financial Reporting Standards (IFRS) however, if contradiction between IFRS and Companies Act, 2017 occur, requirement of Companies Act, 2017 shall prevail.



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Hatch of nature's bounties is packaged naturally to protect, preserve, nurture and reach its optimum potential. The walnut has a shell; the pea has a pod; the coconut, a husk. That is the natural order of added protection and freshness.



## Organizational Overview and External Environment

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# Products

Only a forward thinking company recognizes your needs, your wants, your desires, before you do. To have our immediate and end customers respond to our products with "I didn't know I needed this!" is the ultimate response sought.

Many of the products that we consume today have their origins in nature. Each one of nature's bounties is packaged to naturally protect, preserve, nurture and reach customers in its optimum potential. Manufactured products, like natural products, must also reach the consumer with the added value that packaging provides.







# ● Protect

The point of any packaging material is for the product inside it to reach the customer in an optimum condition. Our selection and process, for our packaging material, is straightforward. We source the finest quality of raw materials available, for weather resistance, strength, printing result, as well as for the distances it must travel. We ensure that each packaging component meets quality standards demanded by our customers. Our packaging improves delivery of your product and brand.





# • Preserve

At Cherat Packaging our products are designed to capture, enhance and protect the products that they envelope. The diversity of our product range ensures that our customers are able to select the most appropriate packaging material to suit their specifications. Kraft Paper, Polypropylene woven fabric and Flexible films if it has to do with packaging, CPL is one of the Pakistan's largest, most respected, single window packaging supplier.

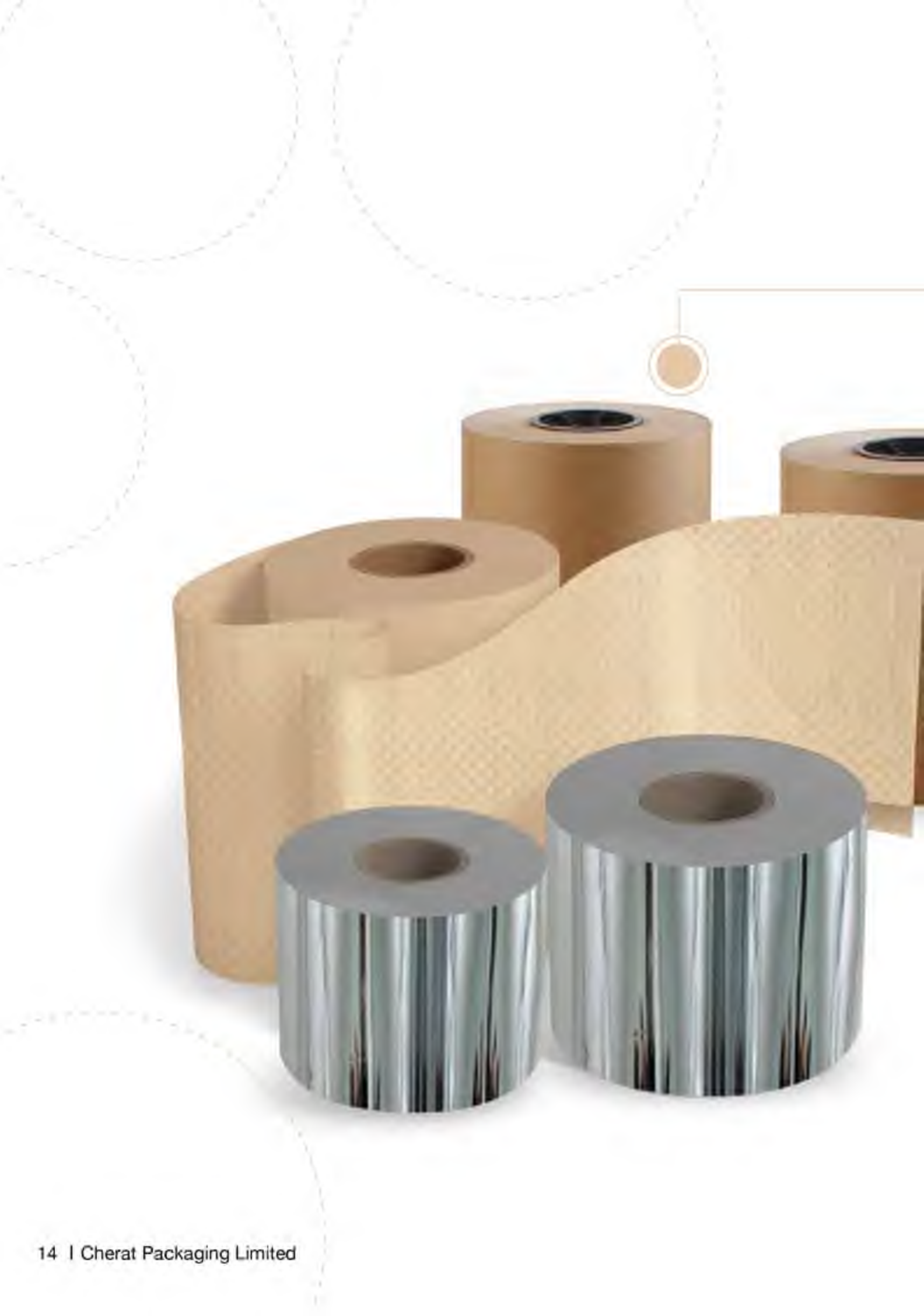




# • Pivotal

The pea has a pod. The walnut has a shell. The coconut, a husk. Much like in nature edibles and other consumers products are wrapped, packaged in such a way so as to protect, preserve and enable to maintain freshness. Today our buying habits seek convenience and trusted brands reign in the marketplace. Hence, furthering our claim that packaging is pivotal.





## Nature of Business

Cherat Packaging Limited – a prominent name in the packaging industry – is a Ghulam Faruque Group (GFG) company. Established almost 32 years ago, CPL started its journey by producing quality cement sacks and became the leading manufacturer of cement sacks. Since 2011, the Company entered and soon became the leading manufacturer of Polypropylene bags. During 2018, the Company yet again achieved a milestone by launching its Flexible Packaging Division. The Company acquired state-of-the-art Plant and Machinery from the top manufacturers around the globe.

The Company is listed on the Pakistan Stock Exchange. CPL has a number of certifications and is a recipient of various prestigious awards including the Pakistan Stock Exchange's Top Companies Award, Management Association of Pakistan's Best Company Award and ICAP & ICMAP's Best Corporate Reporting Award. CPL is the leading Company in the region to have production capability of producing bags from Kraftpaper, Polypropylene and Flexible Packaging products.

The Company is also active in exporting bags to different parts of the world. We are supplying bags to sugar, wheat, chemical and other sectors as well. The plant has an annual production capacity of 595 million bags (Kraft paper and Polypropylene combined) and 12.6 million Kgs (Flexible Packaging material).

Cherat Packaging is well-known for its innovation and introduction of new products like 2-ply bags and lowest grammage PP bags without compromising on quality standards. CPL stands for providing its unmatched services in its new venture of Flexible Packaging.

## Our Certifications









## Vision

To be a preferred supplier of packaging solutions combined with efficient manufacturing facility and satisfied customers.

## Mission

To seek increased market share by anticipating emerging trends and introducing new products for meeting the demands of our valued customers and ensuring adequate return to our shareholders.



## Our Values



**RESPECT**  
is our way of life



**OWNERSHIP**  
is our way to success



**QUALITY**  
is our legacy



**FAIRNESS**  
is our way of work



**AM 81**

# Culture

Organizational culture in Cherat Packaging Limited is a manifestation of shared values and beliefs, which we practice every day to move towards a better and more successful organization. These shared values have a strong influence on the respective teams and help them in a win win outcome for both the employees and the organization. Our values provide the foundation of our culture and bind us into a world class team yearning to outperform the competition.





# Ethics

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct.

Cherat Packaging Limited (CPL) is committed to conduct its business with honesty and integrity, and we expect all our employees to maintain high standards in accordance with the Code.

CPL's Code of Conduct forms an integral part of the terms of employment of all employees. The Company insists on full compliance and does not tolerate any misconduct and unlawful behaviour. Breach of the CPL Code of Conduct may lead to disciplinary action up to and including termination of employment.

It is the obligation of every employee to be responsible, honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices. The employees have a legal, moral and ethical responsibility to report to their Line Managers or Compliance Committee, any known or suspected violations of law, regulations and/or corporate policies.







# Code of Conduct

The Code of Conduct of the Company is based on the principles of honesty, integrity and professionalism at every stage.

## Scope

The Code of Conduct policy is applicable to all regular and direct contract staff in the company and its locations.

## Compliance Committee and Reporting of Violations

Cherat Packaging has established a Compliance Committee to provide advice concerning compliance with the code of conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) or Compliance Committee or their respective Executive Director.

## Compliance with the Law

The observance of the laws and regulations of the legal systems in which we operate is mandatory for all employees in their dealings with customers, suppliers, competitors, other employees, government bodies and officials.

## Competition and Anti-trust Law

Cherat Packaging obligates its employees for strict compliance with Competition and Anti-trust Laws wherever it operates.

## Bribery and Corruption

Cherat Packaging is committed to conducting its business in an open, honest and ethical manner in all the jurisdictions in which it operates and will not engage in any form of bribery or corruption in order to secure any kind of business advantage.

## Money Laundering

It is Cherat Packaging's policy to refrain from conducting business with persons or entities who are involved in criminal or illegal activities. All employees have to adhere to applicable anti-money laundering laws and regulations.

## Product Quality

We discover, develop and manufacture high-quality products that meet all regulatory requirements, and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards.

## Books, Records and Financial Reporting

The accuracy and completeness of our books, records and financial reporting is of critical importance for Cherat Packaging. We fulfill all applicable legal obligations with regard to public filings and reporting.

## Confidentiality

It is our policy that no employee entrusted with confidential information about the Company, its suppliers,

customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person, or the disclosure of confidential information is required by mandatory law, any governmental agency, court or other quasi-judicial or regulatory body.

## Protection and Information Security

Cherat Packaging has a policy that sets out rules on data protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information. We comply with all applicable laws & regulations regarding the collection, processing and use of personal data. Any illegal collection, processing or use of personal data of our employees, suppliers, customers and third parties is strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all time.

## Handling and Safeguarding of Cherat Packaging's Property

Employees must handle Cherat Packaging's property (including both tangible & intangible) with due care and in a responsible manner. Cherat Packaging does not tolerate any unauthorized use or misappropriation of its property or services.

## Equal Treatment and Fair Working Conditions

Cherat Packaging is committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

## Health, Safety and Environmental Protection

We focus on all aspects of occupational health, safety and environmental protection. We identify and manage health, safety and environmental risks in our activities and over the entire value chain of our products and services.

We make efficient use of natural resources and minimize the environmental impact of our activities and products over their life cycle.

## Conflict of Interest

Employees may not engage in any activities, on or off the job, that conflict with the Company's business interest, nor they may use their position with the Company for their personal gains, or for the improper benefit to others.

As a policy, conflict of interest or the mere appearance of such a conflict must be avoided.

# Group Structure

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations. Faruque (Pvt) Ltd is the Parent Company; details and brief profile of other leading group companies / ventures are as follows:



## Mirpurkhas Sugar Mills Ltd

Manufacturer of Cane Sugar

Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 230 km from the port city of Karachi in Mirpurkhas and is listed on the Pakistan Stock Exchange Limited. The Company has a crushing capacity of 12,500 tons per day and is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its experimental farm. In order to further diversify its operations, the Company has decided to set up a Paper and Board project. The project will serve to enhance the business prospects of the Company and will allow the company to leverage synergies and enhance its revenues from avenues other than sugar.



## Cherat Cement Company Ltd

Manufacturer of Ordinary Portland Cement

Incorporated in 1981 and its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of the cement industry in Pakistan and is the number 1 cement in its region. The Company's annual installed capacity is around of 4.5 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified and also a recipient of the several prestigious awards like South Asian Federation of Accountants (SAFA) Award, Business Excellence award in Export category, Pakistan Stock Exchange Top Companies Award, Management Association of Pakistan's Best Company Award and Best Corporate and Sustainability Report Award. The Company has planned to establish a green field cement plant at D.I.Khan.

## Faruque (Pvt.) Ltd

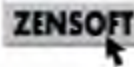
Parent Company

Established in 1964 as a Parent Company of the Group, it primarily serves as an investment arm of the Group.



## UniEnergy Limited

Joint Venture for Renewable Wind Energy



#### Zensoft (Pvt.) Ltd

Information Systems Services Provider Specializing in Business Software Solutions

It was established in 1998 and is engaged in development of computer software. The Company specializes in providing high quality business solutions.



#### Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of Faruque (Pvt.) Ltd. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor ix) Fuel Dispenser and x) UPS.

#### Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipment that includes designing, installation and maintenance of central and packaged units. Moreover, it has also launched residential light air conditioning units under the brand name of Euro Aire.

#### Greaves CNG (Pvt.) Ltd

Retail Sales of CNG to end consumers

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is a preferred third party investor for all major petroleum companies in Pakistan.

#### Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

Established in 2003, its principal activity is to provide services associated with airconditioning, installation and maintenance of central and packaged units.



#### Unicol Ltd

Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (CO<sub>2</sub>)

Unicol was incorporated in 2003 as a public unlisted company having a joint venture with equal shareholding between Faran Sugar Mills Limited, Mehran Sugar Mills Limited, and Mirpurkhas Sugar Mills Limited. All three sponsor companies are listed at the Pakistan Stock Exchange Limited. It is engaged in the production and marketing of the finest quality superfine ethanol being produced from molasses. Unicol produces various grades of ethanol including super fine ENA Anhydrous (99.9%), ENA (>98%), and B Grade (>92%). It is also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO<sub>2</sub>). Unicol has an installed ethanol capacity of 56,000 MT per annum while LCO<sub>2</sub> installed capacity of 18,000MT per annum. Unicol exports its complete production of ethanol to various regions across the globe. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.



#### Madian Hydro Power Ltd

Joint Venture for Establishing 148 MW Hydro Power Plant.



# 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

## 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 & 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 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

# Journey at a Glance

Cherat Packaging Limited started production with one Tuber and one Bottomer having installed capacity of 50 million papersacks per annum.

Acquired ISO 9001 QMS Certificate.

Added 3rd Tuber and Bottomer to production line, making the total effective production capacity to 160 million paper bags per annum.

Installed 1st PP Line having capacity of 65 million PP bags per annum.

1992

1996

1998

2003

2006

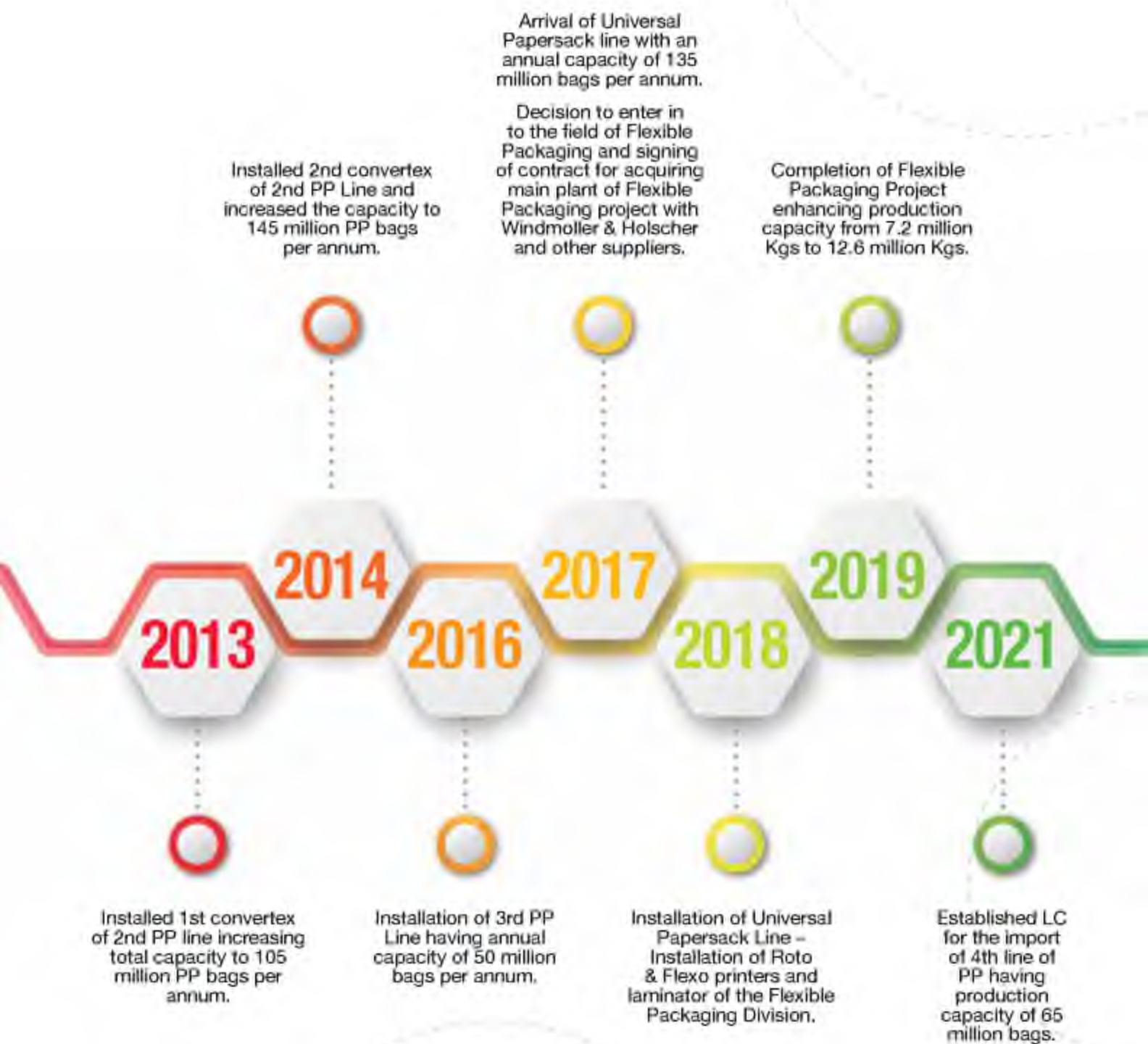
2009

2012

Installed 2nd Bottomer to the production line.

Added 2nd Tuber to the production line and thus increasing the total production capacity to 105 million paper bags per annum.

Added 4th Tuber and Bottomer to production line. With this addition the total installed capacity reached 265 million paper bags per annum.





# Hall of Fame

## **Best Corporate Reporting Award ICAP & ICMAP**

Every year a joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) organize Best Corporate Report Awards. These awards are based on the evaluation criteria which is focused to promote integrated thinking within the organization. Inspiration has been derived from the 'Content Elements' of the International Integrated Reporting Framework for the evaluation criteria. Furthermore, the purpose of this criteria is to increase the level of accountability and stewardship of reporting organizations and enable effective decision making.

Cherat Packaging participated in these prestigious awards for the financial years 2014 to 2020 and secured 1st position in "Others Category" for all the seven years. Apart from the above, the Company's Annual Report for the year ended June 30, 2017 also secured overall 1st position nationwide.





**Corporate Excellence Award**

Management Association of Pakistan (MAP) recognizes and honors companies showing outstanding performance and demonstrating progress and enlightened management practices. MAP conducts a financial evaluation followed by management practices appraisals, based on which it rewards the best-managed companies in Pakistan by instituting the Corporate Excellence Awards. As Cherat Packaging Limited believes in transparent reporting and information symmetry, it nurtures the culture of adopting best management practices generally applied by the business community. As a result, the company's outstanding performance was also recognized by the Management Association of Pakistan on account of Best Management practices. The Company was awarded Corporate Excellence Certificates and Awards in "Paper and Board" category for the years 2015 through 2019.



**South Asian Federation of Accountants (SAFA) Award**

In recognition of the Cherat Packaging's endeavor for transparency in corporate reporting, the Annual Report of the Company was nominated in SAFA Awards for Corporate Governance Disclosure Award 2017. The event was held in Bangladesh and the Company was awarded Certificate of Merit for Improvement in Transparency, Accountability & Governance in Corporate Governance Disclosures in Annual Report 2015.



**Forbes: Asia's Best Under A Billion Company**

In 2018, Cherat Packaging was also nominated for the Forbes- Asia's Best Under A Billion Company. Forbes annual Best Under A Billion list highlights 200 Asia-Pacific public companies with less than \$1 billion in revenue and consistent top and bottom-line growth. In 2018, candidates came from 13 countries and averaged 55% growth in sales, a 24% profit margin, and 113% growth in earnings per share.

**Pakistan Stock Exchange Top Companies Award**

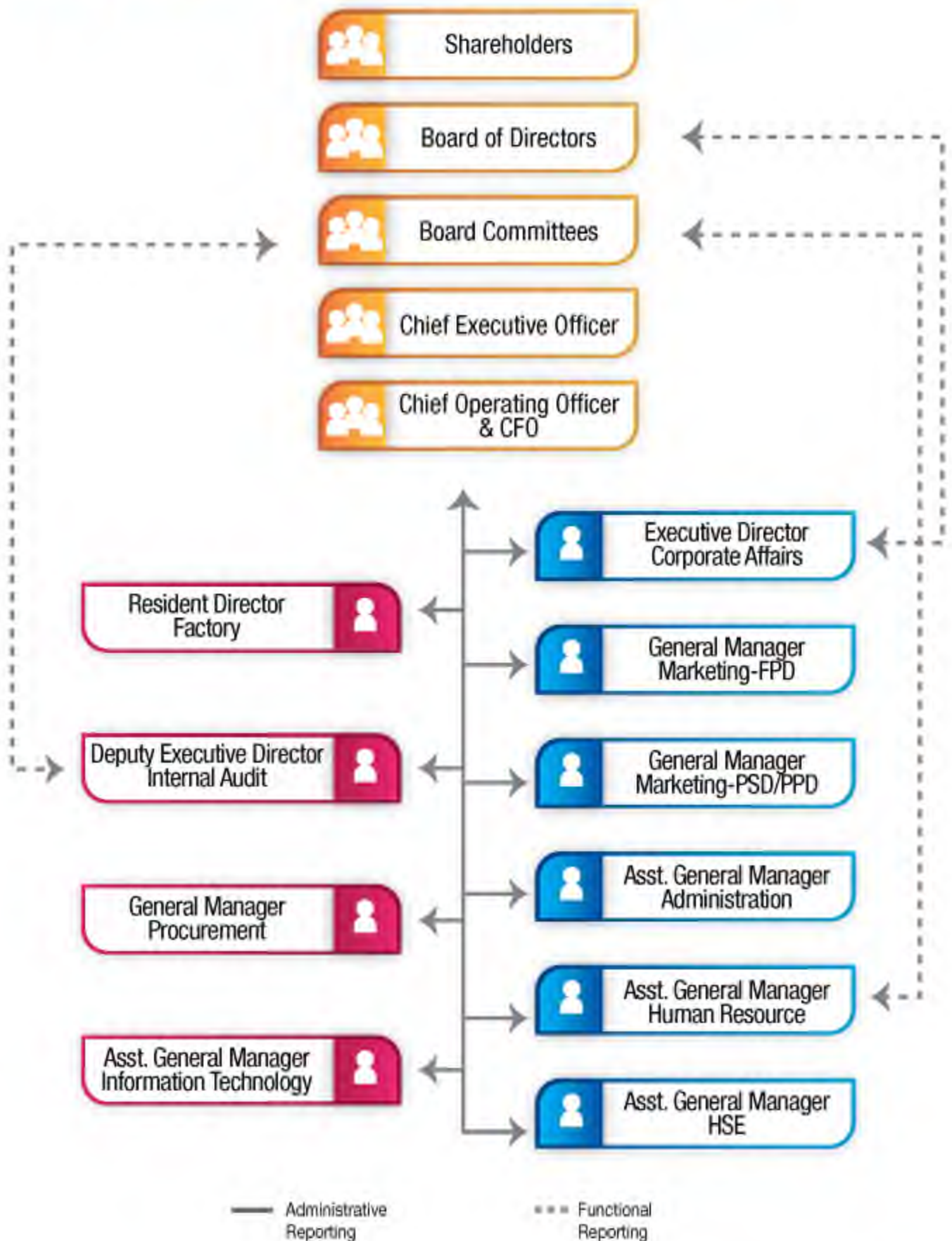
Every year, Pakistan Stock Exchange acknowledges the performance of the Top Companies on the basis of comprehensive criteria, which includes Dividend Payout, Capital Efficiency, Profitability, Free-float of shares, Transparency, Corporate Governance & Investors Relations and Compliance with Listing of Companies & Securities Regulations.

The Company's outstanding performance has also been recognized by the Pakistan Stock Exchange and the Company has been awarded with the Top Companies Award for the year 2016.

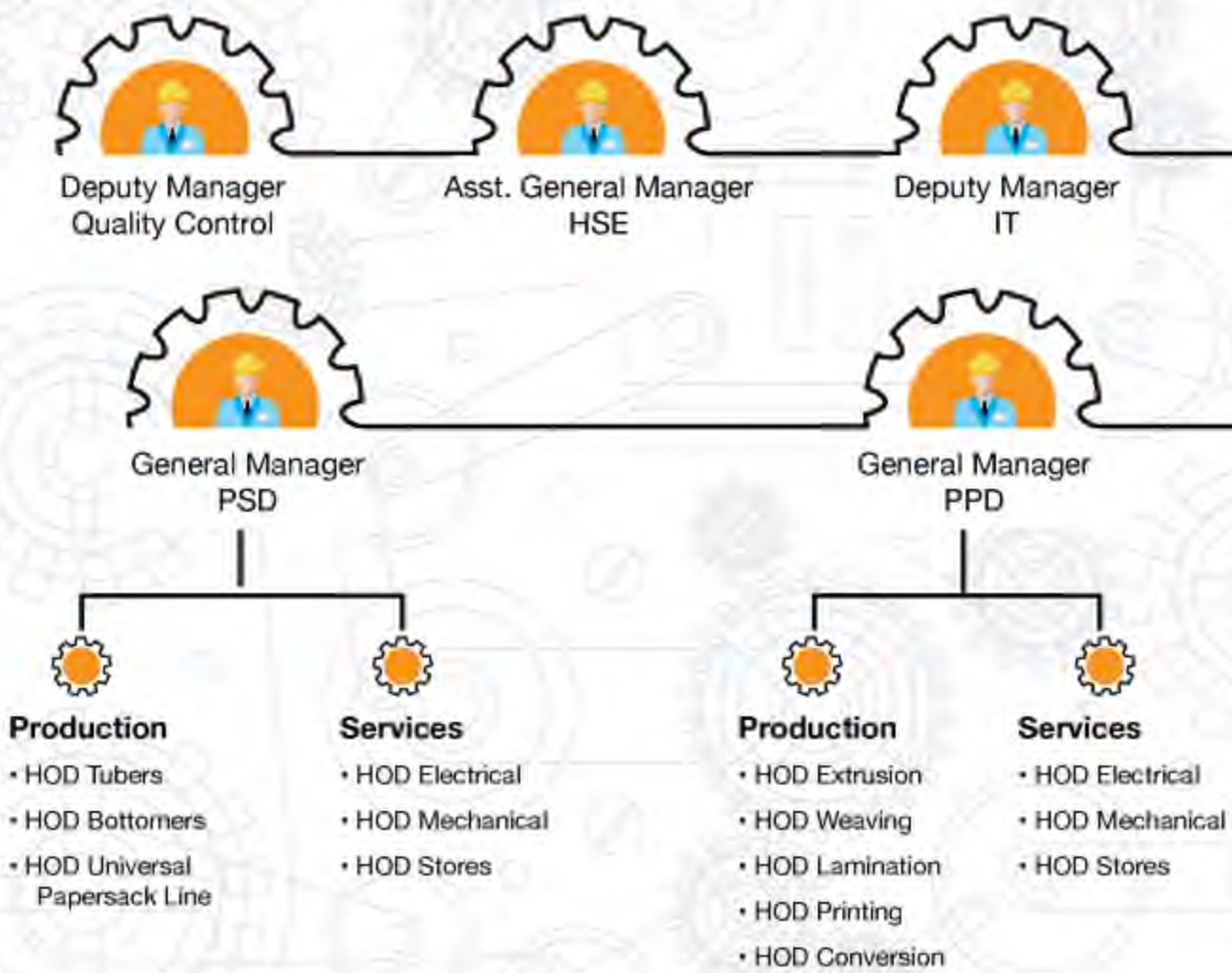


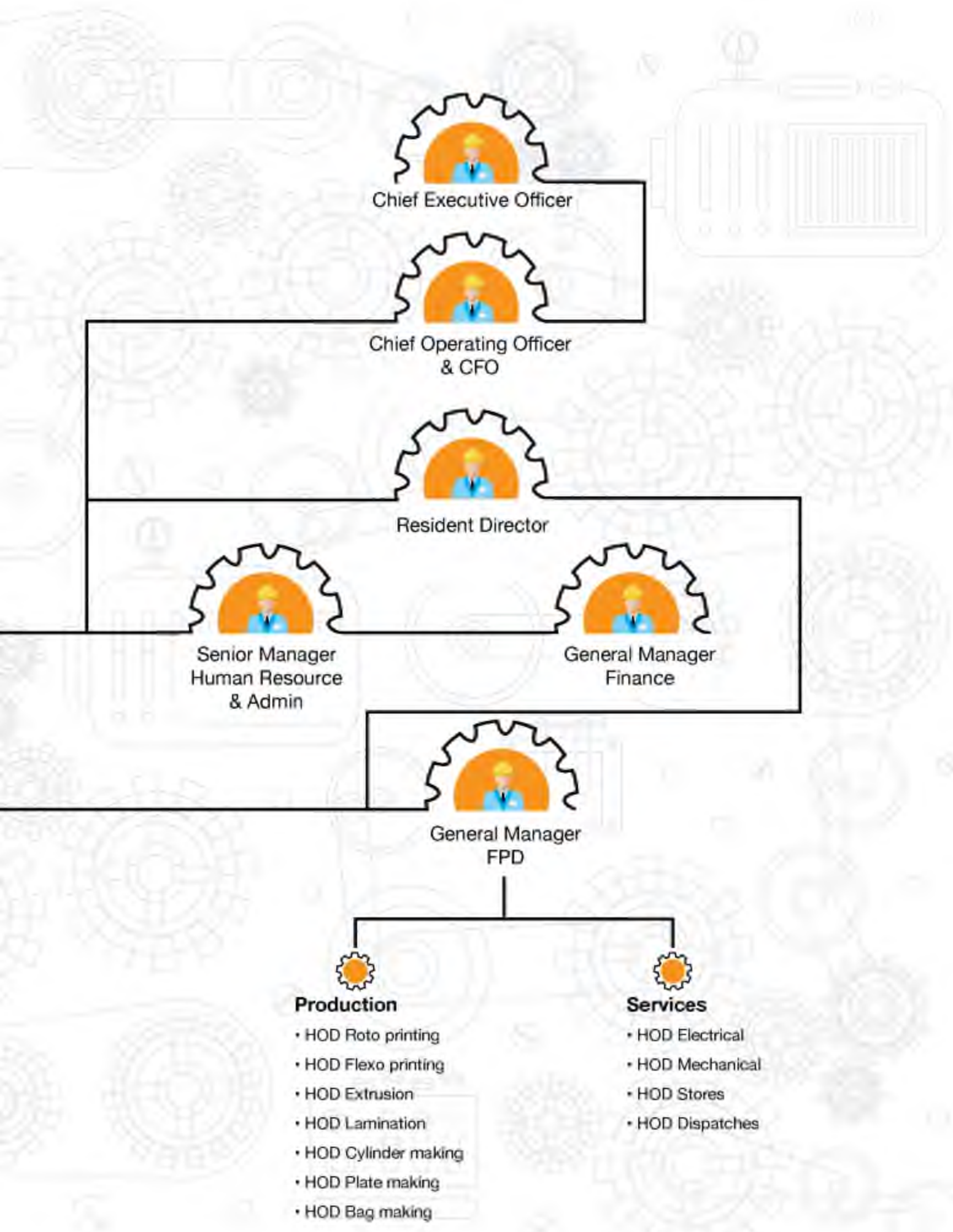


# Organizational Structure

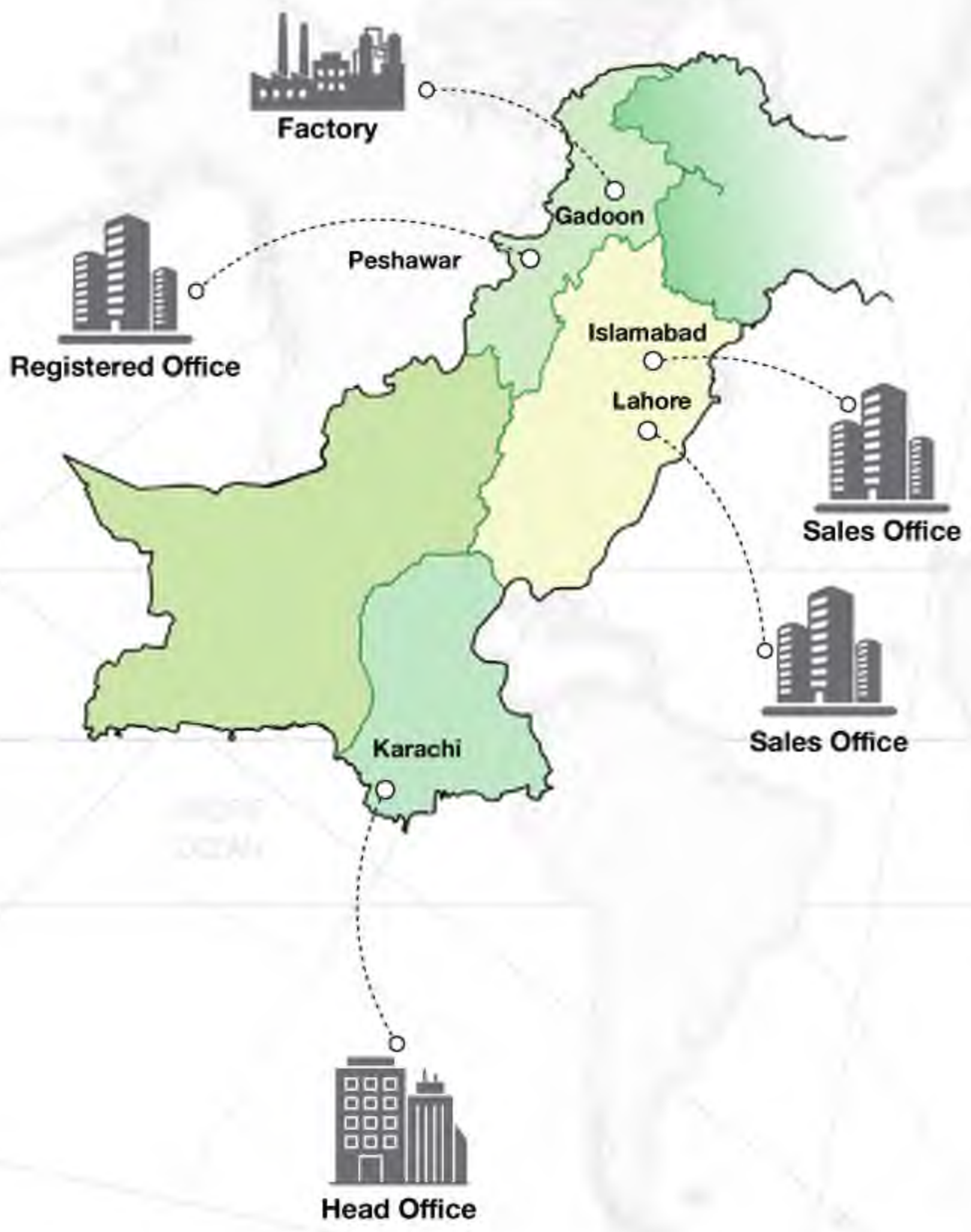


# Factory Site Organizational Structure

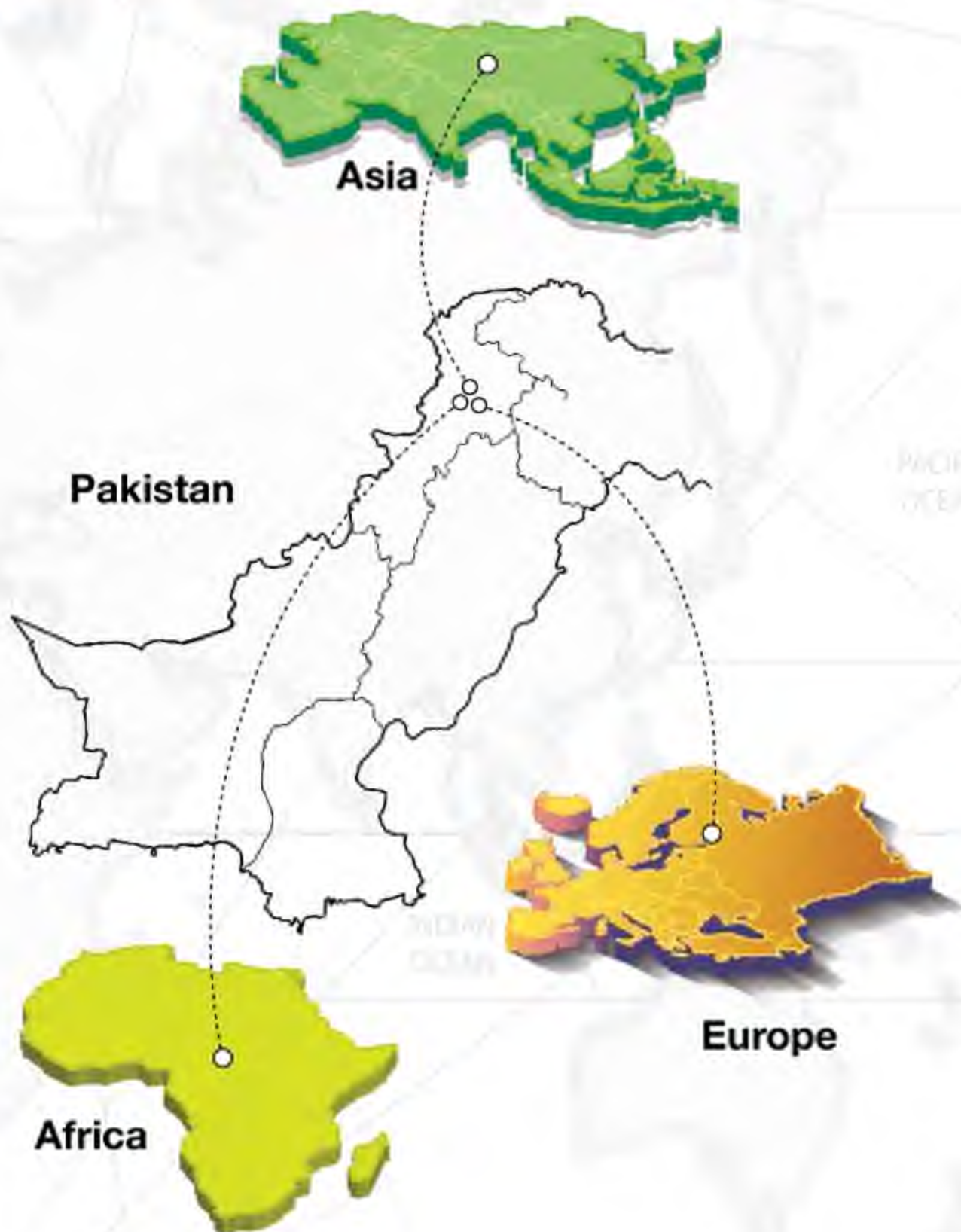




# Local Presence



# International Presence





# Position in the Value Chain

Packaging impacts the sale-ability of a product. Therefore, quality packaging is the key to product success. Cherat Packaging Limited lies right in centre of the product value chain.



## Raw Material

- Papersack-  
Mondi Packaging
- Polypropylene  
Granules - SABIC
- Films and  
Granules for PE film

Cement •  
Sugar •  
Chemical •  
Rice •  
FMCG •

Customers



The Company procures the finest quality raw material from world renowned suppliers and converts it to bags based on customer demand and specifications. The Flexible Packaging business is also conducted on the same norms so as to maintain a high product quality.



**Conversion,  
Manufacturing  
& Printing**

- Paper bags
- Polypropylene bags
- Printed films






**Final Products**



# Significant Factors Affecting the External Environment

It's not possible for Organizations to work in vacuum, Organizations are affected by its external environment. Some of these factors are listed and elaborated below:

Factor	P POLITICAL	E ECONOMIC	S SOCIAL
Description	Political factors determine the extent to which a government may influence the economy or a certain industry. Political uncertainty trembles the business environment.	Economic factors refer to the financial state of the country. A strong economy invigorates business and vice versa.	Social responsibility of a company cannot be ignored. The Company must play its role in betterment of society in which it operates. Health issues, industrial problems are among the social problems.
Significant change from last year	<ul style="list-style-type: none"> <li>- Political uncertainties</li> <li>- Rifts among political parties</li> </ul>	<ul style="list-style-type: none"> <li>- Increased inflation</li> <li>- Loss of business due to pandemic</li> <li>- Business lock-downs</li> <li>- Pandemic influencing imported raw material prices and availability</li> </ul>	<ul style="list-style-type: none"> <li>- Make HSE department more proactive</li> <li>- COVID-19 Pandemic affecting Pakistan</li> </ul>
Organization's response	The Company continuously analyzes and monitors the political situation of the country including changes in duty structures, taxes and other levies to mitigate any unwanted affect.	<p>Cherat Packaging Limited has been on strong financial standing. The company keeps optimal Debt:Equity ratio. Furthermore, it has negotiated competitive rates with various banks for its financing needs. Additionally, healthy relation with suppliers ensures timely supply of material at competitive rates.</p> <p>Responding to lock-down situation developed due to COVID-19, the Company implemented IT support solution facilitating work-from-home. The timely response prevented work loss.</p> <p>The Company benefited from SBP's loan for repayment of Wages and Salaries.</p> <p>The Company also availed SBP's loan deferment option to further strengthen its cash flows.</p>	<p>The Company always strives to be a part of social issues and for the betterment of society. For this purpose, the Company donates in various social causes including education programs and health &amp; safety of society.</p> <p>On the business front, the Company has full-fledged HSE department which works for the betterment and welfare of workers at factory.</p> <p>The Company implemented ISO 45001 to comply with HSE international standards.</p> <p>The Company implemented SOPs vigorously to prevent its workplace from COVID-19.</p>

Factor	<p style="text-align: center;"><b>T</b></p> <p style="text-align: center;"><b>TECHNOLOGICAL</b></p> 	<p style="text-align: center;"><b>L</b></p> <p style="text-align: center;"><b>LEGAL</b></p> 	<p style="text-align: center;"><b>E</b></p> <p style="text-align: center;"><b>ENVIRONMENTAL</b></p> 
Description	<p>Technology plays a vital role in success of any company. Technologically primitive companies often end-up being shutdown.</p>	<p>Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.</p>	<p>Almost every manufacturing company has an impact on the environment. Climate changes and water shortage is the major area of concern.</p>
Significant change from last year	<ul style="list-style-type: none"> <li>- Fine tuning of Flexible Packaging machinery for product innovation</li> <li>- Up-gradation of network and security measures.</li> </ul>	<ul style="list-style-type: none"> <li>- Companies Act, 2017</li> <li>- Income Tax Ordinance</li> <li>- Sales Tax Act</li> <li>- SECP Acts, Rules and Regulations</li> <li>- Code of Corporate Governance</li> <li>- BRS Amendments</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of EMS ISO 14001:2015</li> <li>- Inclusion of Renewable energy including solar and hydro power</li> </ul>
Organization's response	<p>The Company is equipped with latest technology to face the challenges of dynamic environment. Product innovation is inevitable to meet the ever changing customer demands. Therefore technological up keep of machinery is preordained.</p> <p>The Company continuously monitors and improves its networking infrastructure for smooth data processing and prevention from cyber threats.</p>	<p>The Company abides by all the laws enacted by Government. The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable to the Company.</p>	<p>The Company has always strived to work for the betterment of the environment. The Company has worked with an international agency on environment. The Company is fully compliant of NEQS standards. Company is EMS ISO 14001:2015 certified company and abides by international rules on environmental protection.</p> <p>The Company is also receiving around 1 MW electricity under Wheeling Regime Energy Purchase Agreement from Pakhtunkhwa Energy Development Organization (PEDO). Moreover, the Company has installed, subsequent to the year end, solar power project at its Flexible Packaging plant. This will help Company to switch from conventional power source to green energy, adding value to environment.</p>

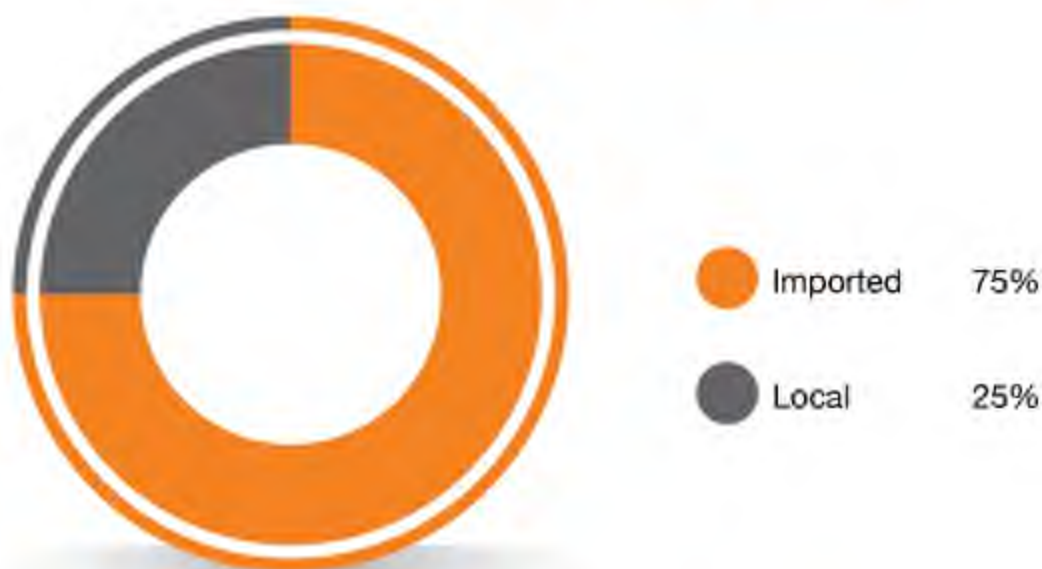
# Composition of Local and Imported Material and Sensitivity Analysis due to Exchange Fluctuation

Cherat Packaging Limited is the leading company in Pakistan producing Kraft paper, Polypropylene bags and Flexible Packaging material. The Company mainly imports its raw materials for Kraft paper and Polypropylene bags, however, some material like films, inks and solvents etc. are procured from the local market.

The Company is exposed to foreign currency fluctuation not only for its direct imported raw materials but also for those materials which are although procured locally but materials are commercially imported by our suppliers.

Keeping all other factors constant, 10% increase or decrease in exchange rate during the year would have an impact of Rs. 527.23 million on profit before tax of the Company.

## Raw Material Composition



## Significant Change from Prior Year

The Company performance improved significantly as it has posted profit of Rs. 855 million. Enormous increase in bags sale owing to massive growth of cement industry aided the Company to rebound immensely. Further, though marginally, Flexible Packaging also managed to reduce its loss showing its correct direction towards profit making division.



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# Competitive Landscape and Market Positioning

Cherat Packaging Limited is a diversified packaging company – with Paper, Polypropylene and Flexible Packaging segments. Cement, sugar, fertilizer, and chemical companies require both Paper and Polypropylene bags based on market acceptability and type of material to be packed and sold (industrial products) while FMCG companies demand Flexible Packaging. The Company's major revenue is derived from Bags Manufacturing Division (Paper bags and Polypropylene bags). Cherat Packaging is the leader in cement packaging while it is setting foot in Flexible Packaging industry. CPL gained a rich experience of thousands of man-hours during its journey of more than 32 years. With promising outlook on the back of construction package and resultant growth of Cement sector, the Company is focusing on expanding its market share while for Flexible Packaging, the Company is focusing to intrude deeper into FMCG packaging industry in the years to come.

## POWER OF SUPPLIERS

Cherat Packaging values its suppliers as business partners. CPL has developed strategic partnership with top international raw material suppliers like Mondi Packaging and SABIC. Various raw materials are being procured locally like inks, solvents and various films for Flexible Packaging Division. The Company identifies finest suppliers and nurture strategic partnership with them. By virtue of these partnerships, the Company has preferred supply of raw material without unnecessary delays that helped Company continuing its production during recent pandemic.

## POWER OF CUSTOMERS

Cherat Packaging has a legacy of putting customers first. The Company is reputed for catering customer demands including development of cost effective solutions. The Company has a customer base with its reputation being a hallmark of quality.

## THREAT OF NEW ENTRANTS

The packaging industry has seen a rise in competition. New plants have been installed not only in Kraftpaper and Polypropylene bags but also for Flexible Packaging material in the past few years. However, Cherat Packaging has a strategic edge over the others. However, recent expansion in the cement industry and an anticipated rise in the consumption of cement in various projects will turn the table around. The Company is positioned well to cater large orders because of its state-of-the-art production facility, large production capacity, superior quality and top quality input materials.

## COMPETITION

Large number of producers in Flexible Packaging industry makes it one of the most competitive industry however, most of the suppliers are either small or disorganized that leaves a great potential for organized sector like Cherat Packaging. The Company already has Rotogravure and Flexographic printers, and Extrusion line all procured from top European suppliers. In support, the Company installed bag making, spout insertion machine, cylinder making machine, lamination machines and other auxiliary equipment that give boost to its unmatched production ability.

## THREAT OF SUBSTITUTE PRODUCTS

Cement Packaging is done in Paper and Polypropylene hence makes them substitute to each other, however, CPL possess both Paper and PP production facility making it immune to any substitution between products.

The Company has well positioned itself to cater future demands and growth. Revival of economy and increase in construction activity will benefit Company in the days to come.

# Competitive Edge

The journey of Cherat Packaging is marked with HI TORQUE that defined its competitive edge it has developed over the years.

## Human capital

CPL's success is on the back of great human potential. Cherat Packaging believes in efficient HR management, training and development, performance measurement and talent recognition. Cherat Packaging has diversified employee base with hundreds of man-hour experience.

## Innovation

Cherat Packaging has always been front runner in product innovation and product development. CPL's 2ply bags and lowest gram PP bags are unmatched with respect to price and quality.

## Top suppliers

Cherat Packaging believes in procuring best quality raw material from top suppliers. The Company sources its core raw material from Mondi Packaging and SABIC while local material are sourced from various local suppliers after robust quality checks at our state-of-the-art lab.

## Outstanding customer support

Cherat Packaging values its customers as business partners. The Company envisages its success in the success of its customers. Cherat Packaging regularly holds meetings with its customers for their specific requirements and helps them in development of new product packaging.

## Regular expansions

CPL has been expanding exponentially over the last decade. With a humble start of 1 tuber and 1 bottomer in 1992, the Company is now a leading packaging company with a combined capacity of 595 million bags and 12.6 million KGs of Flexible Packaging material.

## Quality

Cherat Packaging pledges not to compromise on quality. Today, quality and CPL are synonymous in packaging industry.

## Unmatched production facility

CPL's production facility includes state-of-the-art latest machinery procured from top European companies. This facility enables the Company to produce finest quality packaging material for its customers.

## Economies of Scale

Being the leading Company to contain facility of Kraftpaper bags, Polypropylene bags and Flexible Packaging Material, the Company enjoys economies of scale. Many functions of the Company fall under common umbrella significantly reducing its redundant costs.



# Our Business Model

INPUTS → PROCESS

## HUMAN CAPITAL

- 242 employees

## MANUFACTURED CAPITAL

- 5 Paper lines
- 3 PP lines
- Flexible Packaging Division (FPD)
  - o Flexo
  - o Roto
  - o Extrusion
  - o Cylinder making
  - o Auxiliary machines
- Raw material procured: Rs. 8.36 billion

## FINANCIAL CAPITAL

- From net assets of Rs. 4.77 billion to Rs. 6.04 billion.
- Strong credit rating – A (PACRA)

## INTELLECTUAL CAPITAL

- Lowest grammage PP bag
- 2 Ply bags
- Conversion of Roto jobs into Flexo
- End-to-end solution from product designing to actual supply
- Quality certifications.

## SOCIAL AND RELATIONSHIP CAPITAL

- Largest international suppliers
  - o Mondi Packaging
  - o SABIC
  - o Windmoller & Holscher
- Strong customer base in Bags Manufacturing Division (BMD)
- Evolving customer base in FPD
- Best raw material procurement

## NATURAL CAPITAL

- Adherence to EMS
- Conventional to green energy

CPL's business model is interwoven with its vision, mission and values. The business model consists of employing resources, enhanced by competitive edge and human capital to transform inputs such as raw material into innovative packaging solutions to our customers with a focus to contribute towards local community, surrounding environment and stakeholders.



## Our Business Model



Today's packaging industry is fast paced. The Company's success depends on understanding customer requirements, anticipation of future trends, challenges and opportunities, and partnering with suppliers and human capital to discover long-term and sustainable solution to all our stakeholders.

## OUTPUTS



Employees  
**253**



Turnover:  
**Rs. 11.26 billion**



Net profit:  
**Rs. 855.09 million**



Investment in infrastructure  
improvement and security:  
**Rs. 5.09 million**



Dividends@ 50%  
Exports:  
**Rs. 367 million**

Relations enhanced with  
Mondi Packaging, SABIC  
and Windmoller & Holcher



Solar power project of  
**Rs. 120 million**  
Around 1MW electricity P.M  
from PEDO

## OUTCOMES

### HUMAN CAPITAL

- Training and development
- Promotions
- New hirings
- 253 employees

### MANUFACTURED CAPITAL

- Turnover increased by  
Rs. 1.82 billion
- Investment in new support machines
- Initiation of PP line 4 project having  
production capacity of 65 Million bags

### FINANCIAL CAPITAL

- Net profit Rs. 855.09 million
- Market price appreciation to Rs. 198.91  
in June 2021 from Rs. 117.15  
in June 2020.
- Operating cash flows generated  
Rs. 1.50 billion

### INTELLECTUAL CAPITAL

- Improvement in network security
- Secured Remote Working Facility

### SOCIAL AND RELATIONSHIP CAPITAL

- Preferred supply of raw material
- Uninterrupted production
- New customers in FPD
- Increased exports
- Charity and donation
- Dividend to shareholders

### NATURAL CAPITAL

- Adherence to EMS
- Conversion to Hydel Power  
through PEDO
- Installation of Solar Power project





## Strategy and Resource Allocation

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# Strategic Objectives

The basis of our strategy stems from aim of increasing shareholders' wealth by following best business practices and being a responsible corporate citizen.

## Short, Medium and Long-term Objectives

Our short-term objective is to improve efficiency of our operations through continuous improvement, cost reduction and workers' training. In medium term, we intend to grow through expansion of our core business by investing in state-of-the-art machinery, improving customer management and new and upgraded products. Build on short and medium term objectives, we aim to achieve excellence in business and diversify operations through related diversification strategy in the long-term.

## Strategies in Place

### Our Core Objective

The core objective of our management is to achieve excellence in business where our venture may be regarded as amongst the best blue-chip stocks in the country. To achieve our objectives, the management strategically strives to enhance stakeholders' value and customer satisfaction. The shareholders' value is maximized through return on investment, which management believes can be achieved through revenue maximization and cost control measures.

### The Strategic Edge

CPL expanded exceptionally over the last few years. With expansion into FPD, CPL is now one of the few companies in the region to offer varied types of packing solutions, making it the medium of choice facilitating its customers in purchasing with respect to quality packaging material for their valuable products.

### Sales and Marketing

Marketing targets and budgets are aggressively designed by the management to achieve highest possible returns. Though sale prices reduced during the year in line with market conditions and international prices, revenue of the Company increased mainly due to high growth in cement bags and Flexible Packaging material sales.

High anomaly in custom duties were catered during Finance Act 2020 which reduced undesired difference between paper and PP raw materials. Bags sale increased due to increased construction activities in the country. The Company also managed to increase its revenue from Flexible Packaging Division. This was on account of increased quantity sold and improved prices. However, this increase was not fully translated into GP improvement owing to unstable raw material prices, even though, the Company improved its gross profit margin of its Flexible Packaging Division.

### Cost Management

Aiming at cost reduction coupled with environment concerns, CPL secured supply of hydro power from PEDO. This has reduced cost of production of BMD realizing a substantial saving. State-of-the-art machinery also played vital role in effective cost management and energy conservation. The company kept strict controls and effective management to keep cost under acceptable limits. The controls are managed through effective reporting structure and active internal audit department. The recommendations for any improvement are independently submitted to Board's Audit Committee. The management implements suggested improvements and corrective actions where applicable.

Our endeavour is to create value for our shareholders by ensuring a maximum return on investment and achieve customer satisfaction by way of providing our clients a world class product.

We aim to develop the long-term sustainability of the organization by grooming and training our employees and providing a congenial work environment, where they are motivated to perform at the highest standards.

We remain committed to the highest ethical and moral business values and to the true spirit of the Code of Corporate Governance.

# Resource Allocation Plan



## Our Strategy

Cherat Packaging Limited is committed to increasing revenue streams to optimize shareholders' wealth and offer our best efforts to provide best value to all our stakeholders for their engagement with the Company.

## Human Capital

Cherat Packaging Limited believes in optimization of human potential. For this purpose, the Company conducted various workshops and seminars, both in-house and outsourced, to enhance its human capital potential. Furthermore, the Company launched 'Values Roll-out' drive in order to reiterate the core values and blend them further into the Company culture. Additionally, the Company also conducts various other activities for its employees as highlighted in the calendar of notable events.

## Manufactured Capital

CPL takes pride to be the leader in possessing state-of-the-art machinery. The Company is exploring various areas of potential. Further, the Company is also putting its effort to increase its production and widen its market share. In Flexible Packaging Division, the Company is in partnership with its clients to work out various alternate cost effective solutions which would not only benefit the Company in shape of increased revenue but also the clients in shape of cheaper yet high quality product.

## Financial Capital

The Company has a long-term loan of Rs. 2.79 billion (including long-term loan for the payment of Wages and Salaries) and short-term loan of Rs. 1.94 billion. Short-term loan of the Company reduced due to efficient management of working capital despite increase in business activity. The Company had procured extra stock last year which benefited the Company in current financial year. The annual target has been disseminated to operational departments according to budget targets. The Company is confident that it will manage to keep short-term loan to a reasonable level.

## Intellectual Capital

The Company takes pride for being front runner in innovation and providing better solutions to its Customers at lowest cost possible. The Company continuously invests on development of new products based on changing market trends and consumption patterns. To achieve this objective, the Company has state-of-the-art lab at its factory which not only continuously monitors quality of products but also thoroughly tests innovated products to ensure its quality surpasses the Company's standard.

## Social and Relationship Capital

We recognize that the viability of our enterprise depends on our ability to sustain strong relationships with customers, vendors and with the wider community for whom we also create value. We invest in a series of initiatives that enhance collaboration and ongoing dialogue with our customers and vendors. We also contribute to the sustainable growth of our communities by offering job for local skilled and unskilled workforce.

# Liquidity Strategy

## Current Liquidity Position

Cherat Packaging Limited has always been settling its liabilities well in time without any unnecessary delays. The Company has financing arrangements with all leading banks of Pakistan at competitive rates amounting to Rs. 6.95 billion. The Company regularly monitors its debtors and keeps outstanding days in-line with industry norms. Additionally, the Company reviews its bank position on daily basis to ensure its liquidity.

Currently, the Company has short-term borrowings of Rs. 1,945 million and long-term loan of Rs. 2,786 million. The Company managed to reduce its short-term borrowings by Rs. 685 million as compared to last year through effective inventory management. The Company had availed SBP's loan deferment option through which an amount of Rs. 480 million relating to current maturity was deferred however, with improved financial health, the Company has revoked principal deferment facility on one of its loan and repaid the principal as per schedule amounting to Rs. 120 million. Therefore, the Company's principal deferment now stands at Rs. 380 million. The Company has a sustainable growth with increased profitability and business stability. The gearing of the Company has also been monitored and controlled in line with the business objectives. Strong liquidity of the Company is evidenced by current ratio of 1.69. The Company has decent credit ratings of 'A' in long-term and 'A1' in short term. The Company managed to earn healthy cash flows during the year through its operations. The cash flows were used to repay its financial liabilities. Cash flows are being monitored on a daily basis. Adequate debt equity ratio is maintained. The Company regularly monitors the debt equity ratio to keep the Company from any excessive debt pressure.

## Financing Arrangements

The Company has cordial business relations with all the reputed banks and financial institutions of the Country. Adequate unutilized short term financing facilities are available with the Company. Historically, the Company has obtained long term loans to finance expansion projects at attractive markup rates. Recently, the Company also availed relief offered by SBP against salaries and wages at a discounted rate. Moreover, during the year the Company has obtained long-term financing from an Islamic bank under State Bank of Pakistan's Islamic Financing Facility for Renewable Energy to setup a Solar Power Project.

## Significant Plans and Decisions

The Company plans to expand its production capacity based on market demand and future outlook. Accordingly, installation of fourth Polypropylene line is continuing as planned and expected to be commissioned by December 31, 2021. This plant will have a production capacity of approximately 65 million bags per annum. Moreover, work on the installation of solar panels at the Flexible Packaging plant will be completed in August/September 2021. This will help the Company to produce green energy and reduce electricity costs.

## Significant Change in Objectives and Strategies

There is no material change in Company's objectives and strategies from the prior years.

# The Effect of Technological Change, Societal Issues, Environmental Challenges

The world is facing material challenges in business arena. These challenges are putting ever mounting pressure on companies to stay responsible, sustainable and profitable. Cherat Packaging has been vigilant in analyzing these challenges and taking all possible measures to align itself with best practices regarding these challenges.

Material Challenges	Technological Change	Societal Issues	Environmental Challenges
Dimension(s) of the challenge	Ever changing fast paced technology	Population and demographic changes, human rights, health, education, poverty	Climate change & loss of ecosystem, resource shortages
Impact on strategy	Investment in plant and machinery including infrastructure.	<ul style="list-style-type: none"> <li>- Employment of local population;</li> <li>- Respect local values;</li> <li>- Provide congenial working environment;</li> <li>- Donate for education cause and elevate poverty</li> </ul>	<ul style="list-style-type: none"> <li>- Consider carbon footprint;</li> <li>- Sourcing raw material from socially responsible companies</li> </ul>
Our response	The Company monitors changes in technology closely. It has strategic relations with supplier of major machinery (Windmoller and Holscher) through which the Company closely monitors changes in technology that may benefit in increasing productivity and reducing cost.	Cherat Packaging is located in a remote area of Swabi. CPL has become one of the leading employer of local community helping them earn their living through congenial working environment with special focus on health and safety of workers. Cherat Packaging maintains an ambulance for its workers and community at large. Cherat Packaging has been active in donating for various education and poverty elevation causes.	Cherat Packaging considers environment an important aspect of the business. The Company is complaint of EMS to keep its environmental impact in check. Cherat Packaging sources its major raw material from renowned and socially responsible suppliers like Mondi Packaging and SABIC. Mondi Packaging sources its paper raw material from sustainable forest hence impact on ecosystem and natural resource is minimal.



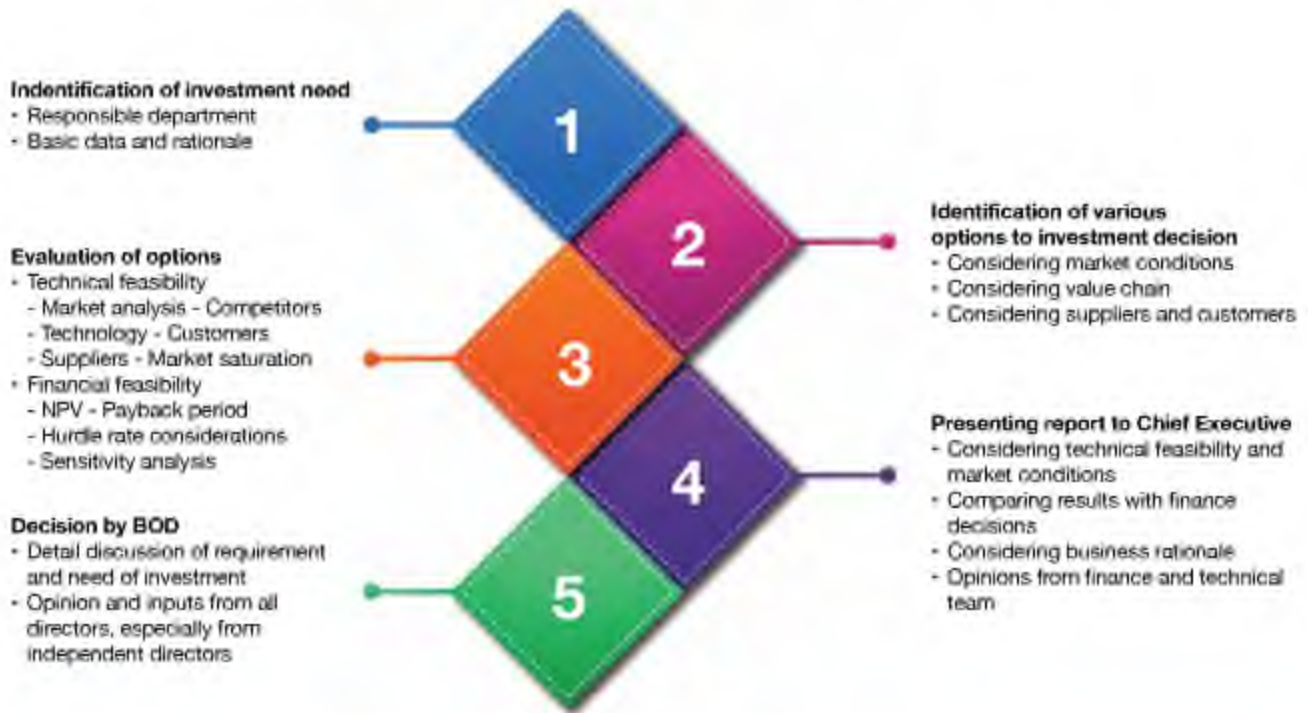




# Specific Processes used to Make Strategic Decisions

Tactical decisions have been a forte of Cherat Packaging Limited. It has come a long way through robust decision making process that the Company has developed over the years. New investments, expansions, diversifications etc. all the decisions carry inherent risk. CPL takes into consideration various aspects like market dynamics, technological changes, competitors approach and response, and economic conditions to name a few. Cherat Packaging's success and leadership position in packaging business is the evidence of strategic thinking and strong evaluation process.

As mentioned, CPL has developed multi-layer decision making process to consider and make investment.



## Specific Processes used to Establish and Monitor Culture of the Organization

Cherat Packaging's culture is a manifestation of its shared values and beliefs. At Cherat Packaging, we promote high values of Respect, Fairness, Quality and Ownership.

Cherat Packaging regularly promotes its values among employees, especially the new inductees.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

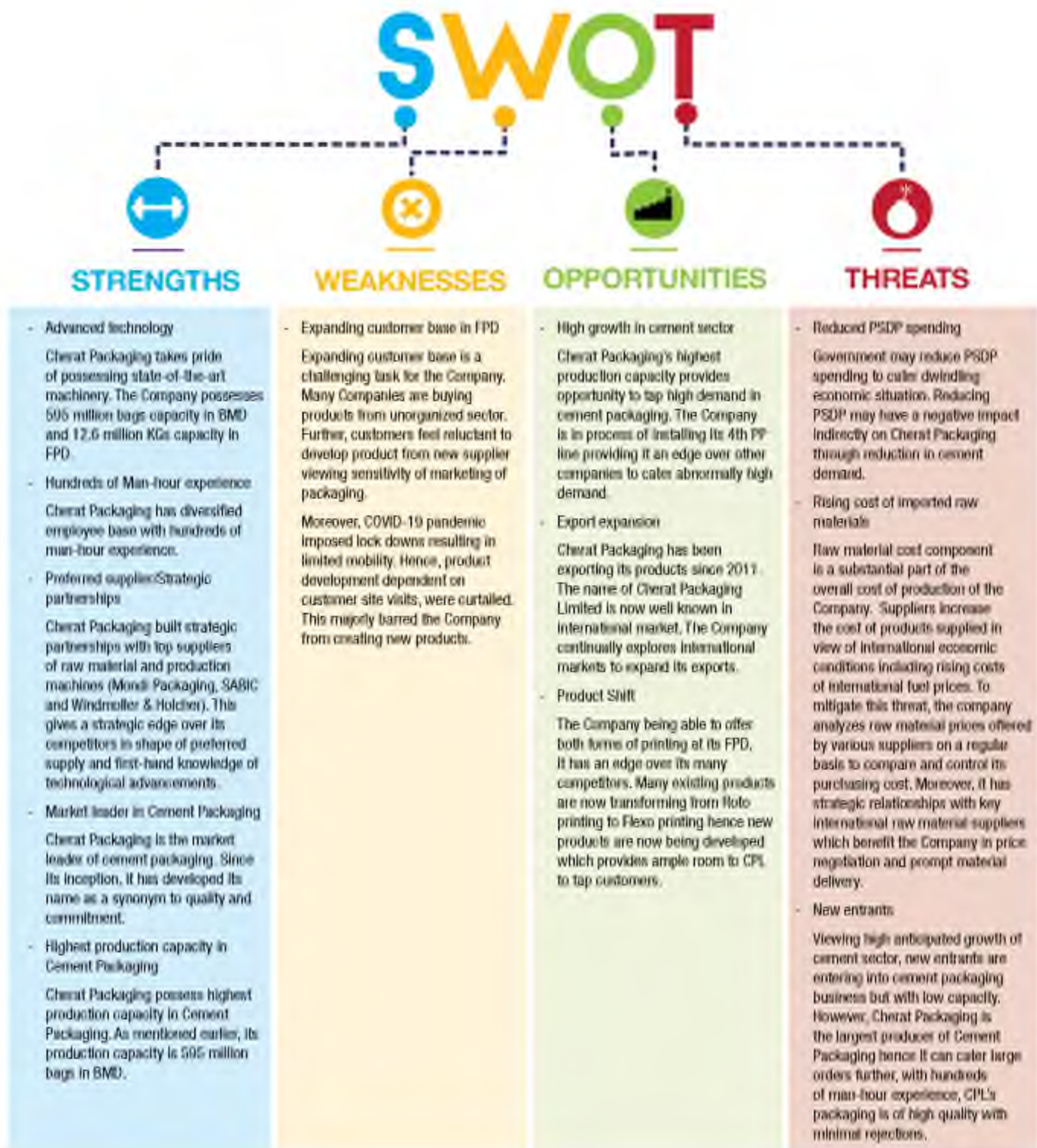
At Cherat Packaging Limited, we have a responsibility to treat others with dignity and respect at all times.

Core values are integral part of our annual performance evaluations of our employees. Through performance evaluations, we evaluate our employees' performance against annual SMART goals, behavioral traits and trainings & professional developments.

## Company's Attitude to Risk and Mechanisms for Addressing Integrity and Ethical Issues

Cherat Packaging Limited has developed robust policy of addressing integrity and ethical issues in shape of its Whistle Blowing Policy.

# SWOT Analysis





## Risks and Opportunities

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# Risks and Opportunities

The Board of Cherat Packaging Limited (CPL) principally assumes the responsibility to mitigate all possible risks and to identify and utilize potential events that may affect the Company. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives.

## RISKS

CPL is susceptible to various risks. However, through comprehensive planning and an acute business understanding of the management, the Company continues to identify and mitigate actual, potential and perceived risks. The Company maintains an established control framework comprising clear

structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes.

The Board of Directors of the Company establishes corporate strategies and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Controls in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and suggestions for improvement are submitted to the Board of Directors.

Following are the major risks which may affect our business operations and mitigating strategies for controlling these risks.

Risk Level / Impact	Risk	Area of Impact	Source	Key Source of Uncertainty	Mitigating Strategy
High / High	Rising cost of imported raw material	Financial capital	External	Raw material cost component is a substantial part of the overall cost of production of the Company. Suppliers increase the cost of products supplied in view of international economic conditions including rising costs of international fuel prices.	The Company analyses raw material prices offered by various suppliers on a regular basis to compare and control its purchasing cost. Moreover, it has strategic relationships with key international raw material suppliers which benefit the Company in price negotiation and prompt material delivery.
High / High	Exchange Rate Fluctuation	Financial capital	External	It becomes challenging for the Company to compete in the market due to frequent fluctuation of PKR parity against USD and Euro.	The Company regularly scrutinizes the parity fluctuations and whenever needed, enters into hedging arrangements.
Moderate / High	Operations risk	Financial capital	External	Pandemic like COVID-19 induced lock down which affected supply of raw material, and reduced production and sales.	The Company developed SOPs for workplace allowing the Company to continue its work under controlled environment. Further, the Company maintains reasonable stock that leverages the Company to continue its production in case of disrupted supply.  Moreover, the Company maintains strategic partnership with key suppliers to avail preferred supply of raw material.

Risk Level / Impact	Risk	Area of Impact	Source	Key Source of Uncertainty	Mitigating Strategy
Moderate / High	Availability of Imported Raw Material	Manufactured capital, relationship capital	External	Any shortage of the material may hamper the production and sales activity of the Company. To keep competitive edge and to gain more market share	The Company manages strategic relationship with best and high quality international suppliers of raw material, as already mentioned. Further, effective inventory management accounts forthcoming production plan to determine safety stock level and reordering of raw materials.
Moderate / High	Credit Risk	Financial capital	Internal	The Company extends credit to its customers. There lies a risk factor that the customers may fail to discharge their obligations and cause a financial loss to the Company.	The Company regularly analyses the credit position and credit worthiness of its customers and extends credits based on minimum risk of financial loss. The Company also receives advance against sales, local LC or post-dated cheques where the risk factors are higher than the Company's pre-defined standards. Moreover, the Company regularly monitors its outstanding debtors and endeavour to keep days outstanding to allowed number of days.
Low / High	Working Capital Management	Financial capital	External	Any increase in raw material cost or increase in volume of raw material stock or debts may limit the avenues for availability of sufficient working capital.	Management has addressed the risk of shortage of working capital by availing the sufficient credit lines from the diversified financial institutions in order to meet the short-term requirements of the Company.
Low / High	Rise in Energy Costs	Manufactured capital, relationship capital	External	The energy cost component is an important factor of the overall cost of product. Any rise in energy cost would hurt the profitability of the Company.	The Company cannot avoid usage of Government supplied electricity as the cost of self-generated electricity is much higher than current energy cost. Keeping this in mind, the management of the Company strives to keep production wastage to a minimum level and productivity at the highest. Higher productivity helps reduce energy cost per bag and thereby increase profitability of the Company. Moreover, the Company has most modern and most efficient machinery in place. The Company has installed, subsequent to the year end, 0.96 MW of solar power project that would reduce energy cost. Further, arrangement with PEDO Khyber Pakhtunkhwa for hydel power yield reduction in energy cost.

Risk Level / Impact	Risk	Area of Impact	Source	Key Source of Uncertainty	Mitigating Strategy
Low / Moderate	Employee turnover	Human Capital	Internal	Key employees and workers leave the company causing lack of competent workforce.	The Company values its workers and employees as essential capital. Therefore, it provides a congenial environment and growth opportunities. Furthermore, the Company has a robust succession plan in place.
Low / High	Natural Catastrophe	Manufactured capital	External	Destruction of production facility due to natural disaster.	The Company has comprehensive insurance cover in case of any catastrophic event. Further, the Company has taken into consideration every possible aspect of safety measures during construction and erection of building and plant. Further, the Company has well-established disaster recovery plan and data backup to cope with any unwarranted event.
Low / High	Information systems risk	Manufactured capital	External	Loss of Company data and theft of sensitive information.	The Company has a comprehensive disaster recovery policy to address the risk. The Company maintains back-up servers to recover data in case of any disaster.



# Risks and Opportunities

## Opportunities

Opportunity	Impact Area	Source	Key Source Opportunity	Strategy to Materialize
One Window Operations	Manufactured capital	Internal	Production capability to produce bags made of Kraftpaper, Polypropylene and Flexible Packaging material.	With this great strategic edge, the Company is in tactical position to secure more local market share and enjoy benefits of economies of scale.
Production Capacity	Manufactured capital	Internal	Highest combined production capacity.	The Company actively pursues local and international markets to fully utilize its potential capacity and earn higher return for its shareholders.
Modern Equipment	Manufactured capital	External	Most modern and state-of-the-art machinery for both Kraft paper and Polypropylene bags and Flexible Packaging material.	Efficient machinery enables the company to operate with the minimum cost of production, thereby offering its customers low grammage high quality bags in cheap price. This in turn results not only in customer retention but also attracts new customers.
Diversification	Relationship capital, Manufactured capital	Internal	Developed the capability to produce not only Cement bags but also sugar, rice, chemical and Flexible Packaging laminated and LDPE bags.	The Company is committed to explore all possible avenues to maximize the pace of growth of the Company and Shareholders wealth.
Efficient and congenial work environment	Human Capital	Internal	Provide congenial work environment where employee feels motivated for work.	Provide effective environment without excessive work pressure. Continuous training and development of employees. Benefit aligned with efficient and effective work and team management.
Growth of FMCG market	Relationship capital, Manufactured capital	External	Expected growth in FMCG market owing to CPEC and other developmental projects.	The Company invested in Flexible Packaging plant with Flexo, Roto and Extrusion machines to materialize potential growth.
High growth in Construction sector	Manufactured capital	Internal	High growth in construction Industry owing to construction packages and other Economic activities.	Viewing the potential growth and bottleneck of our production facility, the Company invested in enhancing its PP line by 65 million bags per annum.



## Materiality Approach

The Board of Directors of Cherat Packaging reposes authority and power to the Company's management for taking day to day decisions. The management however, observes the approach of materiality in applying power and authority.

Materiality is a matter of judgment and the Company thinks that a matter is material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. In order to execute day to day operations/ transactions delegation of powers has also been defined clearly and formalized procedures are followed for their execution.

## Initiatives taken to promote and enable innovation

Cherat Packaging has been a front runner in innovation in packaging business. Previously, CPL had introduced 2 ply bags for cement companies that were well received by the cement industry. In PP segment, CPL was able to produce lowest grammage bag in the world with same high quality and strength. This innovative product is unmatched and the faculty remains a symbol of CPL exclusively. In FPD, CPL was able to convert Roto printing jobs into Flexographic printing jobs with same sharpness and quality. Moreover, the Company keeps in touch with its strategic partner (Windmoller & Holscher) to grab firsthand knowledge about advancement in production machines and new trends in packaging. This helps the Company in applying those new innovations providing its customers best quality innovative products with loads of options. Further, to keep its production quality at its optimal, CPL regularly conducts in-house trainings to enhance skills of its workers.





## Governance

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# Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of Cherat Packaging Limited will be held on Thursday, October 21, 2021 at 11:00 a.m. at the Registered Office of the Company at Betani Arcade, Jamrud Road, Peshawar, to transact the following businesses:

## ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2021 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @ 40% (Rs. 4.00 per share). This is in addition to interim cash dividend @10% (Re. 1.00 per share) already paid to the shareholders for the financial year ended June 30, 2021 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2021/22 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

## SPECIAL BUSINESS

5. To consider and approve the following resolution as Special Resolution:
  - a) "RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 38 of the Financial Statements during the year ended June 30, 2021, be and are hereby ratified and approved."
  - b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending June 30, 2022."

A statement under section 134 of the Companies Act, 2017, pertaining to the above-mentioned Special Business, is attached with the notice.

By Order of  
the Board of Directors



**Abid Vazir**  
Director & Company  
Secretary

Karachi: August 24, 2021

## NOTES:

1. The register of members of the Company will be closed from Friday, October 15, 2021 to Thursday, October 21, 2021 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, October 14, 2021 will be treated in time for the above entitlement.
2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
6. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The shareholders having physical shareholding are therefore requested to open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form.
7. Shareholders are hereby reminded that Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. [www.gfg.com.pk](http://www.gfg.com.pk) and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In-case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at <https://eservices.cdcaccess.com.pk>.
8. In compliance of Section 244 of the Companies Act 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect and remain their unclaimed dividend/shares are advised to contact our Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 to collect/inquire about their unclaimed dividend or shares, if any.
9. All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.
10. In case of joint account, please intimate proportion of shareholding of each account holder along with their individual status on the ATL.
11. Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to CDC Share Registrar Services Limited by first day of Book Closure.

12. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven [7] days of receipt of such written request.

13. Members can also avail video conference facility, in this regard, please fill the following and submit to the Head Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Cherat Packaging Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_".

#### Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on October 21, 2021. The approval of the Members of the Company will be sought for:

During the financial year ended June 30, 2021 the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 38 of the Financial Statements for the year ended June 30, 2021 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending June 30, 2022.

Party wise breakup of transactions as disclosed in Note no. 38 of the Financial Statements for the year ended June 30, 2021 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs'000)
Cherat Cement Company Limited	Dividend Paid	6,245
	Dividend Received	5,328
	Purchase of Goods	2,819
	Sale of Goods	2,442,229
Employees Provident & Gratuity Fund	Contribution To Fund	31,202
Faruque (Pvt) Limited	Dividend Paid	8,714
	Services Received	35,606
Greaves Airconditioning (Pvt) Limited	Purchase of Fixed Assets	29,988
	Purchase of Goods	35
	Services Received	14,991
Greaves Pakistan (Private) Limited	Dividend Paid	4,270
	Purchase of Fixed Assets	105,235
	Purchase of Goods	769
	Services Received	36
Jubilee General Insurance Company Limited	Insurance Premium	12,156
Key Management Personnel	Remuneration	162,751
Mirpurkhas Sugar Mills Limited	Dividend Paid	4,221
	Sale of Goods	3,367
Zensoft (Pvt) Limited	Software Consultancy Charges	14,999



## Directors' Profile

## Mr. Akbarali Pesnani

### Chairman

Mr. Akbarali Pesnani is an MBA and fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at senior levels for over 44 years. Presently he is the Chairman of Cherat Packaging Ltd., and Aga Khan Cultural Service Pakistan and a Director on the Board of Cherat Cement Company Ltd. Jubilee General Insurance Co. Ltd. Agha Steel Ltd. and Pakistan Cables Ltd. His association with the Ghulam Faruque Group dates back almost 40 years.

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## Mr. Amer Faruque

### Chief Executive

Mr. Amer Faruque is the Chief Executive of the Company. He is a Bachelor of Science (BS) graduate in Business Administration majoring in Management / Marketing from Drake University, Des Moines, Iowa, USA. He serves as a member of the Board of Directors of Mirpurkhas Sugar Mills Ltd., Faruque (Pvt.) Ltd., Greaves Pakistan (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Modaraba Management Company (Pvt.) Ltd. and Executive Director Marketing of Cherat Cement Co. Ltd. In the past he has served as a member of the Board of Governors of Ghulam Ishaq Khan (GIK) Institute of Engineering Sciences and Technology and Lahore University of Management Sciences (LUMS) and the Centre of International Private Enterprise (CIPE). He is also the Honorary Consul of Brazil in Peshawar.

## Mr. Aslam Faruque

### Director

Mr. Aslam Faruque is a graduate with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd., Unicol Ltd. and UniEnergy Ltd. He is on the Board of Directors of Mirpurkhas Sugar Mills Ltd., Greaves Airconditioning (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd., and is also serving as Senior Vice Chairman of Pakistan Sugar Mills Association - Center.

In the past, he has also served as the Chairman of Pakistan Sugar Mills Association - Center as well as Sindh Zone, and Director of Sui Southern Gas Company Ltd., State Life Insurance Corporation of Pakistan and Pakistan Industrial Development Corporation.

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## Mr. Shehryar Faruque

### Director

Mr. Shehryar Faruque is a graduate from Davis & Elkins College, Elkins, WV, USA. He serves on the Board of Directors of Faruque (Private) Limited, Zensoft (Private) Ltd and Greaves Modaraba Management Company (Private) Ltd.

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## Mr. Arif Faruque

### Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters Degrees in both Law and Business Administration from the USA. He is the Chief Executive of Faruque (Pvt.) Ltd. as well as Madian Hydro Power Ltd. He is on the Board of Directors of Mirpurkhas Sugar Mills Ltd., Cherat Cement Company Ltd. and UniEnergy Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences.



## Mr. Ali H. Shirazi

### Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, USA in 2000 and thereafter completed his Masters in Law from Bristol University, UK in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is a member of the Atlas Group Executive Committee, responsible for Group's Financial Services, and also serves as President/Chief Executive of Atlas Battery Ltd. He is on the Board of Cherat Packaging Ltd., Atlas Asset Management Ltd., Atlas Insurance Ltd., Shirazi Investments (Pvt) Ltd., Shirazi Trading Company (Pvt) Ltd., Zhenfa Pakistan New Energy Company Ltd., Pakistan Cables Ltd., Naymat Collateral Management Company Ltd., Techlogix International Ltd., National Management Foundation (sponsoring body of LUMS), Atlas Foundation, Pakistan Society for Training and Development (President) and Young Presidents' Organization-Pakistan (YPO). He has previously also served on the Board of National Clearing Company of Pakistan Ltd. (NCCPL).

He is a Certified Director from the Pakistan Institute of Corporate Governance and completed the Owner/President Management Program (OPM) from Harvard Business School in 2018.

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## Mr. Abid Vazir

### Director

Mr. Abid Vazir has been associated with Ghulam Faruque Group since 2000. In addition to his other responsibilities, he is also serving as the Executive Director of the Group. Mr. Vazir is the Chief Executive of Greaves Airconditioning (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd. He is also a Director of Greaves CNG (Pvt.) Ltd. and a member of the Executive Committee of the Management Association of Pakistan.

Mr. Abid Vazir holds an MBA degree from Lahore University of Management Sciences (LUMS), enrolled in the Dean's Honors List. He belongs to the first batch of graduates of College of Business Management (IoBM) and also holds an MBA degree from the Institute. Mr. Vazir is an Associate member of the Institute of Chartered Secretaries of Pakistan and a Certified Director from Pakistan Institute of Corporate Governance (PICG).

## Mr. Sher Afzal Khan Mazari

### Director

Mr. Sher Afzal Mazari is a progressive agriculturist with landholdings in the Rajanpur district of South Punjab, who is committed to developing sustainable solutions to the current challenges of farming and land management. Prior to this, he had a 34 year corporate career across a range of Industries from Chemicals to Foods and Fast Moving Consumer Goods.

After graduating from Boston University, Sher Afzal began his career with ICI and then moved to Unilever, where he worked for 25 years. During this time, he has worked in senior Marketing, Communications Corporate Affairs and Sustainable Business roles, initially in Pakistan and then overseas, covering regions as diverse as Asia, Middle East and Africa.

He is deeply committed to driving a sustainable business agenda, and believes that it is vital that sustainability should be at the core of business strategy and operations, for the long-term benefit of society and the environment.

Mr. Sher Afzal's deep understanding and knowledge of operating in developing, emerging and frontier markets has convinced him on the vital need for tailoring global business best practice to suit local environments. He is also a firm believer in ethical and transparent business operations that not only meet local regulatory requirements but are also in strict compliance with global standards of corporate governance.

## Ms. Maleeha Humayun Bangash

Director

Ms. Maleeha Bangash is recognized as a Banking & Financial Industry expert, with around 22 years of rich and varied experience obtained in Singapore, Turkey and Pakistan. She brings with her trailblazing experience in Corporate Banking, Wealth Management, Investment Management, Capital Markets, Private Equity and Commercial Banking, both locally and abroad. She has hands on knowledge of the Capital Markets as well as command over the letter and spirit of the relevant rules and regulations. Currently being invited to international financial services fora, as panellist, speaker/practitioner for "Guru Sessions". (Malaysia, Singapore, University of Chicago network, International Finance Corporation-IFC). Her present engagement is in Digital Banking & Digital Finance.

She holds an MBA in Investments and Finance from the University of Chicago, Booth School of Business, where she graduated with Honors; Prior to this she obtained her MBA in Marketing and Finance from the Lahore University of Management Sciences (LUMS).

Ms. Maleeha Bangash has held the position of Managing Director for the World Bank Group's Investment Climate Reform Unit in partnership with the Punjab Government, and has served under the KP Finance Minister, for a World Bank Group assignment with the Khyber-Pakhtunkhwa Government, as the Head of Ease of Doing Business (EoDB) and Investment Climate. In these roles, she did groundbreaking work to improve Pakistan's Ranking on the EoDB Index, provide Access to Finance to businesses, create dialogue between the public and private sectors, and improve the overall business climate in both provinces.

Prior to this she held the position of Dy. CEO in Bank AL Habib subsidiary Habib Asset Management. She commenced her career in the Corporate Banking Group of MCB Bank Ltd. A business strategist and financial industry expert, she has served in leading roles at Habib Asset Management Limited, UBL Fund Management (United Bank Ltd), JS Investments and MCB Asset Management Co (MCB Bank Ltd). She has also worked in the telecommunications and textiles industries.

She has developed the expertise of starting up and establishing companies and organizations where she was in core roles and was devising and driving the entire launch of firms both locally and abroad. Ms. Bangash has served in private sector Banking & Financial Institutions in senior leadership roles, including Group Head/Senior Executive Vice President, Chief Strategy Officer, Head of Strategy, Business Development and Product Structuring.

Previously, Ms. Bangash had served a term in the Federal Government of Pakistan as Founding Member (Equiv. Grade 21), Competition Commission of Pakistan (CCP), where she was in charge of Advocacy, Mergers & Acquisitions Review, as well as Competition Research. She also set up the Acquisitions & Mergers Facilitation Office (AMFO) at the CCP. She is a Visiting Fellow at Pakistan Institute of Development Economics (PIDE).

Ms. Maleeha Bangash has completed her Director's Training Program from Pakistan Institute of Corporate Governance (PICG) and is a Certified Director.



## Chairman's Review

The year in review was dominated by an unprecedented global health crisis, during which the COVID-19 pandemic battered the world's economy. It not only sent financial shock waves to the global economy but also led to slowdown in industrial activities worldwide. However, due to prudent policies of the government supported by financial stimulus package, Pakistan emerged from the crisis relatively unscathed. The national economy is showing signs of recovery as the country has recorded a GDP growth of 3.9% for the year.

Despite the pandemic related challenges, Cherat Packaging continued to operate and serve its customers in order to meet their packaging requirements. Because of its growth-oriented strategy, the Company has become one of the largest and most diversified player of the packaging industry. With its state-of-the-art equipment, highly qualified personnel, and quality packaging solutions, the Company has not only been able to attract new customers but also retain its existing customers. The recently established Flexible Packaging division is receiving an encouraging response from the market as the Company is supplying Flexible Packaging materials to a number of reputable customers in Pakistan. In a period of economic recovery following the outbreak of COVID-19 pandemic, the Company continued to focus on its long term objective of sustainable growth and value creation. Strong activity in the construction sector has resulted in an upward trend in sales of cement packaging materials.

With the onset of the pandemic, the SBP took proactive measures to support the economy, and introduced a range of concessional finance schemes. Supportive economic measures like reduction in discount rates, introduction of financing schemes like wage financing, principal repayment deferrals, and TERF facilities have created impetus for revival of economic activities in the country. Furthermore, introduction of construction package and Naya Pakistan Housing Scheme along with State Bank of Pakistan's regulatory push to banks to provide cheap housing loans is also resulting in enhanced economic activities and higher cement sales, which will eventually benefit the Company going forward.

I am pleased to report that the Board of Directors has performed its duties and responsibilities diligently and has contributed towards guiding the Company in its strategic affairs. It focused on major risk areas and remained actively involved in the strategic planning process of the Company. The Board recognizes that well defined corporate governance processes are important to preserve and enhance stakeholders' value. All Directors including Independent Directors, fully participated and contributed in the decision making process of the Board. The Board carried out its annual self-evaluation in line with the requirements of Code of Corporate Governance.

Despite significant impact of COVID-19 pandemic on national as well as global economy, the growth parameters for the Company remain strong as ever. The spread of fourth wave of COVID-19 has once again led to lockdowns and restrictions in the country. The Company will continue to pace itself with the dynamic business environment to meet the changing demand of its customers thus ensuring sustainable growth and profitability.

I would like to extend my thanks and appreciation to all the staff members, customers, suppliers, bankers, shareholders and the Board of Directors for their commitment and hard work.

Karachi:  
August 24, 2021



**Akbarali Pesnani**  
Chairman



# Directors' Report to the Members

for the year ended June 30, 2021

The Board of Directors is pleased to present to you the annual report of the Company along with the audited financial statements for the year ended June 30, 2021.

## OVERVIEW:

The past year was challenging for businesses all over the globe due to adverse effects of the Coronavirus pandemic. Like many other countries around the world, Pakistan's economy also experienced limitations to growth. However, timely measures taken by the government to curtail the spread of novel COVID-19 outbreak and to support the economy has made the outlook for 2021 less daunting and has put the country on a path to economic growth.

## BUSINESS REVIEW:

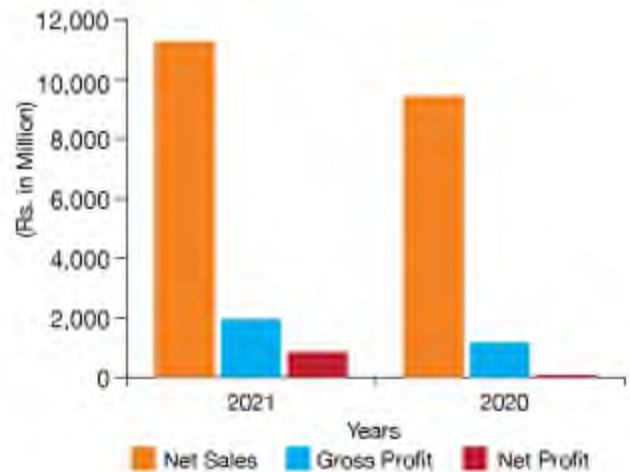
In a year of economic turbulence, Cherat Packaging performed exceptionally well to support its customers and delivered a strong financial performance. Historic increase in consumption of cement in the country has had a positive impact on the sales of cement bags produced by the Company during the year under review. There was also an increase in the quantity of Flexible Packaging material sold by the Company during the year. Being one of the most diversified packaging player, the Company produced and supplied high quality cement bags made from kraft paper and polypropylene granules. It also supplied bags to sugar, chemicals and other allied sectors. Besides the above, the Company also supplied Flexible Packaging materials to its valuable customers as it targeted a new customer base, including FMCG sector. As a result, the Company was able to enhance revenues over last year.

The Flexible Packaging division has made a name for itself as it continues to make inroads into new market segments. Several reputable customers have already placed their trust for flexible packaging material with the Company while many more are in the process of final trials. Going forward, increase in sales volumes and ongoing improvements in operational efficiencies are expected to have a positive impact on the overall financial results of the division.

The financial highlights for the current year and that of last year are indicated below:

	2021	2020
	(Rupees in million)	
• Net sales	11,255.10	9,436.19
• Gross Profit	1,937.63	1,173.73
• Net Profit	855.09	70.24

## Financial Highlights



## FINANCIAL PERFORMANCE:

Higher sales volumes have resulted in a 19% increase in the revenues for the Company during the year under review. Despite witnessing inflationary pressure on several input items including kraft paper and polypropylene granules, the Company efficiently managed its cost of production. During the year, there was an increase in other expenses mainly due to provision for WPPF and WWF owing 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 year ended June 30, 2021 the Company posted an after-tax profit of Rs. 855 million compared to Rs. 70 million last year.

## DIVIDEND PAYOUT:

The Company has always strived to be consistent in its approach towards distribution of profits. The decision on dividend payout is made after taking into consideration various parameters like Company's financial performance, its business needs, growth prospects and expansion plans. For the year under review, the Board of Directors is pleased to recommend a final cash dividend of Rs. 4 per share. This is in addition to an interim cash dividend of Re. 1 per share.

## EXPANSION OF POLYPROPYLENE PLANT & INSTALLATION OF SOLAR PANELS:

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 are currently in full swing. Work on the installation of 0.96

MW solar panels at the Flexible Packaging plant will be completed in August/September 2021, which will help reduce rising electricity costs.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company is committed to play its due role in the society in the interest of all stakeholders particularly towards its people and environment. In line with its corporate social responsibility policies, the Company has always endeavored to improve the overall conditions of the people living around the manufacturing plants and the surrounding areas. Following the outbreak of COVID-19, the Company reached out to those who required help and extended necessary support. The Company continues to contribute to various reputable charitable institutes and social causes as it envisions a better environment, a better economy, and a better Pakistan.

**SAFETY, HEALTH AND ENVIRONMENT:**

The Company strongly believes in maintaining high standards in health and safety of its people. Several measures have been taken by the Company to respond to the changing business needs due to outbreak of COVID-19 through implementation of protocols on health and employee safety to ensure all staff members are protected as best possible from this virus. In this regard, the Company has encouraged all its staff to get vaccinated and almost the entire staff has received at least one dose of the vaccine. Personal protection equipment was provided to all levels of staff and measures like social distancing, contact tracing, random testing etc. were introduced by the Company to ensure well being of employees and continuity of business. Whenever the need arose, the Company conducted Covid tests of its staff, at its cost, and also allowed them to work from home.

The production facilities of the Company have been compliant with the prevailing standards of safety in the industry. The Company has a dedicated HSE department to oversee the implementation of HSE objectives. The department not only ensures compliance with the best HSE practices but also carries out regular fire and safety training of the staff. Due to the strong commitment of the Company on strict compliance with HSE standards, no major accident was reported during the year.

**CONTRIBUTION TO NATIONAL EXCHEQUER:**

The Company contributed over Rs. 3 billion to the government treasury in form of taxes, excise duty, income tax and sales tax during the year.

**Statement on Corporate and Financial Reporting Framework:**

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Key operating and financial data for the last six (6) years in summarized form is annexed.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which occur in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the funds as on June 30, 2021.

<b>Provident Fund</b>	<b>Rs. 213 million</b>
<b>Gratuity Fund</b>	<b>Rs. 108 million</b>

**BOARD OF DIRECTORS:**

Total number of Directors on the board is 9. Its composition is as follows:

- Male Directors 8
- Female Director 1
- a. Independent Directors 3
  - i. Mr. Ali H. Shirazi
  - ii. Mr. Sher Afzal Khan Mazari
  - iii. Ms. Maleeha Humayun Bangash
- b. Non-Executive Directors 4
  - i. Mr. Akbarali Pesnani
  - ii. Mr. Aslam Faruque
  - iii. Mr. Shehryar Faruque
  - iv. Mr. Arif Faruque
- c. Executive Directors 2
  - i. Mr. Amer Faruque
  - ii. Mr. Abid Vazir
- d. Female Director 1
  - i. Ms. Maleeha Humayun Bangash
- During the year, seven meetings of the Board of Directors were convened. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Akbarali Pesnani	7
Mr. Amer Faruque	7
Mr. Aslam Faruque	7
Mr. Shehryar Faruque	7
Mr. Arif Faruque	7
Mr. Abid Naqvi *	2
Mr. Ali H. Shirazi	7
Mr. Abid Vazir	7
Mr. Sher Afzal Khan Mazari **	5
Ms. Maleeha Humayun Bangash **	5

\* Mr. Abid Naqvi retired from the Board on October 26, 2020.

\*\* Mr. Sher Afzal Khan Mazari and Ms. Maleeha Humayun Bangash were elected as Directors on October 26, 2020.

• During the year, four meetings of the Audit Committee were convened. The attendance record of each member is as follows:

Name of Director	Meetings Attended
Mr. Abid Naqvi *	2
Mr. Arif Faruque	4
Mr. Shehryar Faruque	4
Mr. Ali H. Shirazi *	2

\* Mr. Abid Naqvi retired from the Board on October 26, 2020. Mr. Ali H. Shirazi was made a member of the Audit Committee in his place.

• During the year, three meetings of the Human Resource and Remuneration Committee were convened. The attendance record of each member is as follows:

Name of Director	Meetings Attended
Mr. Sher Afzal Khan Mazari	3
Mr. Aslam Faruque	3
Mr. Amer Faruque	3

• The pattern of shareholding is annexed with the report.

• Earnings per share (EPS) during the year was Rs. 20.12 compared to Rs. 1.85 last year.

#### **DIRECTORS' REMUNERATION:**

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive and Independent Directors of the company. The detail of Directors' remuneration is disclosed in Note 37 of the Financial Statements for the year ended June 30, 2021.

#### **PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND BOARD COMMITTEES:**

The Company carries out annual evaluation of the Board of Directors, its Committees and Individual Directors as part of Code of Corporate Governance. Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. In order to ensure transparency of the process, the Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to compile results and prepare a report for the Board of Directors. The contents of the report are evaluated and areas that require improvement are identified.

#### **RELATED PARTIES TRANSACTIONS:**

All transactions with related parties have been executed at agreed terms and have been properly disclosed in the financial statements of the Company.

#### **STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:**

The Company has fully complied with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Statement of Compliance is provided under the relevant section of the report.

#### **UNIENERGY LIMITED:**

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the company to meet the ongoing financial requirements for the project. In this regard, Cherat Packaging has made an equity investment of Rs. 4.62 million following the approval of the shareholders. The government has, so far, not notified the tariff for the project.

#### **RISK AND OPPORTUNITIES:**

##### **Risk Management**

The Board of Directors kept a close watch on the socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations and performance of the Company. As caretakers of the interest of stakeholders, the Directors remained vigilant in identifying and mitigating risks through the year. The Board of Directors identified potential risks, assessed their impact on the Company and formulated strategies to mitigate risks to the business. These strategies were monitored throughout the hierarchy of the Company through the Audit Committee.

##### **Risk Assessment**

Businesses face numerous uncertainties that might pose threats to its objectives and if not addressed may cause preventable losses. The Board of Directors of the Company has carried out assessments of both internal and external risks that it might face. Rising costs of raw materials is the most imminent risk facing the company. Devaluation of Pakistani rupee has made the risk more pronounced. In order to curb the negative impact of this, the Company has invested in



strategic relationships with its key international suppliers and ensured timely negotiations, pre-orders and timely delivery. Availability of raw materials is another risk that is faced by the company.

- **Debt Repayment**

The Company has always paid off all its due debts on time. The State Bank of Pakistan had allowed companies to defer principal repayment of their long-term loans falling due within a year to help them overcome the financial impact of COVID-19 without affecting their credit history. Although the Company had availed this principal deferment facility for Fixed Assets Refinance Loan – II, IV and V, it repaid the deferred principal payment in respect of Fixed Assets Refinance Loan – II during the year 2020/21. Furthermore, the Company has also obtained wage financing scheme offered by State Bank of Pakistan at extremely competitive interest rates.

- **Capital Structure**

The Company's current debt to equity percentage is about 32:68. The gearing ratio is improving as the Company is making regular profits. It will further improve after full capacity utilization.

**FUTURE PROSPECTS:**

The Company remains cautiously optimistic for the year ahead. Development of multiple vaccines and their gradual roll-out have created hope of healthy recovery next year. Despite measures taken by the government to curtail the spread of COVID-19 and to support the economy, the year ahead is expected to remain challenging for the country as the government currently faces the daunting task of stimulating economic growth without significantly increasing the inflationary pressures.

Investments in existing businesses and diversification into new areas of packaging have allowed the Company to position itself to meet the demand for packaging materials from not only 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 remains confident of enhancing its market share and achieving greater economies of scale.

Recently, inflationary trend 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 challenge for the Company. However, the Company would like to place on record its appreciation for the support it has received from M/s. Mondi Packaging and Sabic. 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. In order to reduce its electricity costs, the Company is installing 0.96 MW solar panels at its Flexible Packaging division. Furthermore, the Company is also receiving around 1 MW electricity under Wheeling Regime Energy Purchase Agreement from Pakhtunkhwa Energy Development Organization (PEDO) at a reduced rate since June 2020. In these highly uncertain times, your Company is closely monitoring the situation and will continue to take appropriate measures to safeguard the interests of stakeholders. There are also certain macroeconomic risks, which will become clearer in due course of time.

**APPOINTMENT OF AUDITORS:**

The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

**ACKNOWLEDGEMENT:**

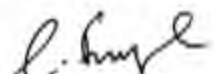
The management would like to express its gratitude to all customers, financial institutions, staff members, suppliers and shareholders who have been associated with the Company for their continued support and cooperation. It would like to particularly thank Mondi Packaging and Windmoller & Holscher for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

On behalf of  
the Board of Directors



**Akbarali Pesnani**  
Chairman

Karachi: August 24, 2021



**Amer Faruque**  
Chief Executive

## Chairman's Significant Commitments and any Changes Thereto

Mr. Akberali Pesnani is serving Cherat Packaging Limited as the Chairman of the Board. Apart from his associations as mentioned in Directors' profile, he does not have any significant commitment.

## How the Board Operates and the Matters Delegated to the Management

At the time of appointment of director, the Chairman of the Board communicates a complete set of document of roles, responsibilities and powers as director of the Company. These roles, responsibilities and powers (which includes decision making powers) are in accordance with the provisions of applicable and relevant laws.

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business. Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the supervision of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

## Annual Evaluation of Board, Chief Executive Officer (CEO), Committees and Individual Members

Board evaluation mechanisms facilitate the Board of Directors in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company. Accordingly, appropriate procedures have been developed based on emerging and leading practices to assist in the assessment of the Board, its committees and the individual directors themselves.

Questionnaires have been developed based on relevant criteria such as effectiveness, accountability, planning, leadership and strategy formulation by the Board and also its committees. Directors are also asked to fill out a self-evaluation questionnaire which focuses on their participation and satisfaction with the different proceedings of the Board and their individual role as a member. In addition, a separate evaluation questionnaire for Chief Executive Officer has also been developed for his performance. The performance evaluation of the CEO is carried out by all the Directors.

These questionnaires are circulated annually and are filled out by the Directors anonymously. The collected answers are then compiled by an independent chartered accountant firm.

The Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to ensure transparency of the process.

## Directors' Orientation and Training

All the directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company had also arranged an in house Directors' training program to apprise the directors of their authorities and responsibilities. Five directors of the Company namely Mr. Shehryar Faruque, Mr. Akbarali Pesnani, Mr. Ali H. Shirazi, Mr. Abid Vazir and Ms. Maleeha Humayun Bangash are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG). The Company also conducted an orientation session for Directors.

## Governance Practices Exceeding Legal Requirements

Cherat Packaging has always believed in going the extra mile and staying ahead of the game. In line with this strategy, not only have we complied with all mandatory legal compliances under the Code of Corporate Governance, the Companies Act 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

- a. **Integrated Reporting Framework:** The management reports various other essential information in this annual report which is not required by law. We are trying to adapt integrated reporting framework.
- b. **Implementations of HSE:** The Company has developed and implemented aggressive HSE strategies at its Plants to ensure 100% safety of its people and equipment.
- c. **Dissemination of information:** The Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.

## Related Parties

As required under fourth schedule of the Companies Act, 2017, detailed disclosures regarding related party transactions have been presented in note 38 to the Financial Statements. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

## Statement of Management's Responsibility towards the Preparation and Presentation of Financial Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by ICAP, the Companies Act, the International Accounting Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

Directors are kept informed and updated: To keep update to the Directors with major amendments and changes in applicable relevant laws.

## Detail of Board Meetings Outside Pakistan

During the year 7 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control the management conducted all meetings in Pakistan.

Keeping in view of the COVID-19 pandemic, all Board Meetings were conducted through video conference.

## Female Director

Ms. Maleeha Humayun Bangash was elected as an Independent female Director on October 26, 2020 on the Board and the requirement for a female director on the board of a listed company has been complied.

## Independent Director

Cherat Packaging Limited has ensured that the composition of its Board of Directors is compliant with all prevailing legal and governance requirements. All independent Directors have submitted along with their consent to act as Director, the declaration as required under the Code or Companies Act, 2017, to the Company that they meet the criteria of Independent Director.

## Executive Director(s) serving as Non-Executive and Independent Director in other companies / body corporate

Our Chief Executive Mr. Amer Faruque is serving as a non-executive director in one listed Company and three other private companies. Furthermore, Mr. Abid Vazir Executive Director is also on the Board of four other private companies, details of which are available in the Directors' Profile section.



## IT Governance Policy

Cherat Packaging has a well conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with CPL's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely and informed decision-making concerning CPL's IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management in implementation and monitoring of IT investments for CPL.

Cherat Packaging's IT Governance Policy is mainly charged with:

- Establishing a shared vision of how Information Technology can add value to the organization;
- Establishing Information Technology goals and the strategies for achieving those goals;
- Establishing principles and guidelines for making Information Technology decisions and managing initiatives;
- Overseeing the management of institutional Information Technology initiatives;
- Establishing and communicating organizational Information Technology priorities;
- Determining Information Technology priorities in resource allocation;
- Establishing, amending and retiring as necessary, organizational Information Technology and other technology related policies; and
- Determining the distribution of responsibility between the IT Department and end users.



## Social & Environmental Responsibility Policy

Cherat Packaging's Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes to various social and charitable causes including health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

The Company also participated in flood relief activities and helped Internally Displaced People (IDP). Cherat Packaging has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

Cherat Packaging is fully committed to acting in an environmentally responsible manner. To achieve this result, CPL:

- ensures its product and operations comply with relevant environmental legislation and regulations.
- maintains and continually improves its environmental management systems and complies with requirements as out layed by specific markets or local regulations.
- operates in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development and promotion of environmental responsibility amongst its employees.
- does not produce any hazardous material from its factory.
- informs suppliers, including contractors, of its environmental expectations and requires them to adopt environmental management practices aligned with these expectations.



## Human Resource Policies

At Cherat Packaging Limited we attribute our continued success to our people. Our employees are our enduring advantage and it is our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence that drives our growth. To maintain our HR competitiveness, we remain focused on areas of talent management, learning & development; succession planning, and the development of a robust Management Trainee Program.

### Attracting the Best Talent

To support the Company's objective of acquiring the best talent, we have recalibrated our Trainee Engineer Program as "Future Leaders Program" to make it dynamic in its offerings to students allowing them to challenge their potential. By providing graduating students with an exhilarating route to enter our Graduate Trainee Engineering programs, we undertook several campus recruitment drives at leading Engineering educational institutions with an aim to find the best talent that would build the company-wide pipeline of emerging leaders and also to be part of our enterprising organizational culture.

### Industrial Relations

We maintain excellent relations with our employees and labour. There is a formal labour union in place which represents all classes of workers and independently takes care of all labour related issues. The Company takes every reasonable step for swift and amicable resolution of all their issues.

### Succession Planning

Our Succession Planning policy is aimed at building a pipeline for future leadership and creating backups for critical roles.

The salient features of this policy are detailed as under:

- Talent Assessment is conducted based on achievements, Competencies and Group Values.
- Gap Analysis is done to determine time period and tools needed to groom/ develop them as possible successors. Put through an outbound Leadership Course to determine areas of development viz a viz leadership.
- On-going coaching/ rotation/ training and developmental plans are in place to bring out best in class talent for succession.
- To deep reach successors at all levels, upward mobility is a pre-requisite in the hiring programme.

### Core Values

Values are what support the vision, shape the culture and reflect what an organization values. They are the essence of the organization's identity – the principles, beliefs or philosophy of values.

Our Core Values (Respect, Fairness, Quality, Ownership) are imbedded in our recruitment process, performance appraisals and recognition initiatives.



## Safety of Records Policy

Cherat Packaging is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.



## Conflict of Interest Policy

A Conflict of Interest Policy has been developed by Cherat Packaging to provide a framework for all directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

### Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.





## Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

Our whistle blower policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value the organization places on staff to be honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might have, while also offering whistle blowers protection from victimization, harassment or disciplinary proceedings.

It should be emphasized that the policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.
- All disclosures are required to be made in writing.
- Disclosures made anonymously are not entertained.
- Disclosures made are investigated fully including interviews with all the witnesses and other parties involved.
- All whistle blowers' disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.
- Disciplinary action (up to and including dismissal) may be taken against the wrongdoer dependent on the results of the investigation.
- There are no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

During the year no whistle blowing incidence was reported under the mentioned procedure.



## Insider Trading Policy

Cherat Packaging has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

### **The general guidelines within the policy state that:**

- i. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the relevant laws, within the Closed Periods announced by the Company.
- ii. No insider may purchase or sell any Company security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
- iii. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
- iv. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

### **The Company's Responsibility to Disclose Inside Information**

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party is placed under legal obligation to maintain confidentiality.



# Information System Security Policy

## Objective

The objective of Information Security is to ensure continuity of business of the Company and to minimize business damage by preventing and limiting the impact of security incidents.

## Policy

1. The purpose of the Policy is to protect Company information assets from all threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.
2. It is the Policy of the Company to ensure that:
  - a. Information will be protected against unauthorized access.
  - b. Confidentiality of information will be assured, by protection from unauthorized disclosure or intelligible interruption.
  - c. Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
  - d. Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standard.
  - e. Disaster Recovery plans will be produced, maintained and tested, to ensure that information and vital services are available to the Company when needed.
  - f. Information on security matters will be made available to all staff.
  - g. All breaches of information security, actual or suspected, will be reported to and investigated by the Information Security Officer / Internal Audit.
3. Standards will be produced to support the policy. These standards will include regulations, guidelines and procedures covering matters such as (not limited to) data security, backup, virus control and passwords.
4. Business requirements for the available of information and information system will be met.
5. The role and responsibility for managing information security will be assigned to a designated Information Security Officer / Internal Audit.
6. The information Security Officer / Internal Audit will be responsible for maintaining the Policy and providing advice and guidance on its implementation.
7. All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
8. It is responsibility of each employee to adhere to the Policy.

## Non-Executive & Independent Directors' Remuneration Policy

### Preamble

The Board of Directors (the "Board") of Cherat Packaging Limited (the "Company") has adopted this Policy upon the implementation of Section 170 of the Companies Act 2017 read with Regulation No. 17 of the Code of Corporate Governance. Amendments, from time to time, to the Policy, if any, shall be considered by the Board in lights of changes in applicable laws and/or such external circumstances that directly apply to the scope of this Policy.

### Scope and Applicability

The Policy shall apply to all Non-Executive and Independent Directors who attend Board meetings, Audit Committee meetings, Human Resource and Remuneration Committee meetings and any other meetings called by the Board.

### Terms of the Policy

Through the Articles of the Company, the Board is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.

## Policy on Related Party Transactions

### Preamble

The Board of Directors (the "Board") of Cherat Packaging Limited (the "Company") has adopted this Policy pursuant to the provisions of Section 208 of the Companies Act 2017 read with Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 issued by the Securities and Exchange Commission of Pakistan.

### Scope of the Policy

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions. It is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties. Amendments, from time to time, to the Policy, if any, shall be considered and approved by the Board. The policy covers all Related Party Transactions of Cherat Packaging Limited as

defined under Section 208 of the Companies Act 2017. The policy is applicable on all individuals responsible to initiate, authorize, record and report Related Party Transactions.

The Policy is applicable to all Related Party Transactions irrespective of their value and size.

This Policy is intended to work in conjunction with regulatory provisions and other Company policies.

### Definitions

- (i) **Arm's length transaction** means a transaction which is subject to such terms and conditions and is carried out in a way, as if-
  - a) the parties to the transaction were unrelated in any way;
  - b) the parties were free from any undue influence, control or pressure;
  - c) through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound business judgment as to what was in its interests; and
  - d) each party was concerned only to achieve the best available commercial result for itself in all the circumstances.
- (ii) **Office of profit** means any office:
  - a) where such office is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
  - b) where such office is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- (iii) **Related party** includes
  - a) a director or his relative;
  - b) a key managerial personnel or his relative;

- a **key managerial personnel** shall mean the following;
- the Chief Executive Officer of the Company;
  - the Company Secretary of the Company;
  - the whole time Directors on the Board of the Company; and
  - the Chief Financial Officer of the Company.
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager is a member or director;
- e) a public company in which a director or manager is a director or holds along with his relatives, any shares of its paid up share capital;
- f) any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- g) any person on whose advice, directions or instructions a director or manager is accustomed to act;
- h) any company which is:
- a holding, subsidiary or an associated company of such company; or
  - a subsidiary of a holding company to which it is also a subsidiary
- i) such other person as may be specified.
- j) **relative** means spouse, siblings and lineal ascendants and descendants of a person.

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity.

**\*All other terms will be construed as per the Companies Act 2017 and all other relevant laws.**

## Types of related party transactions

Any contract or arrangement with respect to the following, but not limited to these;

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property; and
- vi. such related party's appointment to any office or place of profit in the company, its or associated company, provided:
  - a. where majority of the directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution;
  - b. also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.

## Disclosure and Approval of Related Party Transactions

The board shall approve related party transactions that require its approval and the following minimum information shall be circulated and disclosed to the directors along with agenda for board's meeting called for approval of related party transactions:

- (i) name of related party;
- (ii) names of the interested or concerned persons or directors;
- (iii) nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;
- (iv) detail, description, terms and conditions of transactions;
- (v) amount of transactions;
- (vi) time frame or duration of the transactions or contracts or arrangements;
- (vii) pricing policy;

- (viii) recommendations of the Audit Committee, where applicable; and
- (ix) any other relevant and material information that is necessary for the board to make a well informed decision regarding the approval of related party transactions.

## Identification of Related Party Transactions

Every Director will be responsible for providing a notice containing the following information to the Board of Directors on an annual basis:

- i. a firm, in which the director, manager or his relative is a partner;
- ii. a private company in which the director or manager is a member or director;
- iii. a public company in which the director or manager is a director or holds along with his relatives, any shares of its paid up share capital;
- iv. any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of the director or manager;
- v. any person on whose advice, directions or instructions the director or manager is accustomed to act.

## Terms of the policy

The terms of reference for the Policy are as follows:

- i. The management shall obtain approval of the policy by the Board;
- ii. The management may enter into any contract or arrangement with a Related Party only in accordance with the policy approved by the Board, subject to such conditions as may be specified;
- iii. The management shall obtain approval of the Board for contracts that are not on arm's length basis or not in the ordinary course of business;
- iv. The management shall present all Related Party transactions to the Audit Committee for their recommendation to the Board for approval;

- v. Every contract or arrangement entered into with a Related Party shall be referred to in the Board's report to the shareholders along with justifications;
- vi. Management shall maintain records of the transactions undertaken with Related Parties;
- vii. If a director or any other employee enters into any contract or arrangement with a Related Party without obtaining the consent of the Board or approval by a special resolution in the general meeting, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 90 days from the date of the contract, such contract or arrangement shall be voidable at the discretion of the Board.

## Maintenance of Record

The Company shall maintain one or more registers with regards to transactions undertaken with Related Parties and contracts or arrangements in which directors are interested, in the manner prescribed, and shall enter therein the particulars of:

- i. contracts or arrangements, in which any director is, directly or indirectly, concerned or interested; and
- ii. contracts or arrangements with a related party with respect to transactions to which section 208 of the Companies Act 2017 applies.

## Pricing Methodology

Any related party transactions carried out on agreed terms shall use one of the following pricing methodologies:

- i. Comparable Uncontrolled Price method;
- ii. Resale Price method;
- iii. Cost Plus method; and
- iv. Profit Split method

## Scope of Limitation

In the event of any conflict between the provisions of this Policy and the Companies Act 2017 or any other statutory enactments, rules, the provisions of the Companies Act 2017 or statutory enactments, rules shall prevail over this Policy.

## Investor's Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited (CDCSRSL) which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

## Business Continuity and Disaster Recovery Policy

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency. For further details kindly refer business continuity and disaster recovery plan.

## Diversity Policy

Cherat Packaging Limited is committed to fostering, cultivating and preserving a culture of diversity and inclusion.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family

or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Cherat Packaging Limited's diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of Cherat Packaging Limited have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.





# Business Continuity and Disaster Recovery Plan



## Introduction

The concept of Business Continuity Planning has over the past few years, emerged as a major business management requirement.

Business Continuity Planning is a process used to develop a practical plan for how a business could recover or partially restore critical business activities within a predetermined time frame after a crisis or disaster. The resulting plan is called a Business Continuity Plan.

## The Plan

Cherat Packaging Limited has in place a fully functional Business Continuity Plan. This plan provides policy and guidance to ensure that the Company can respond effectively to natural, technological, and man-made incidents, or incidents that result in loss of access to an entire, or parts of a facility or loss of service due to equipment or systems failures. The objective is to restore essential services as swiftly as possible. Summarized plan is listed below.

The Company has created two business continuity teams i.e. BCP coordination team and BCP response team and defined roles and responsibilities for both the teams.

Furthermore, the plan has identified certain business functions as critical. In respect of those functions, key processes, key staff, recovery time and recovery steps are specified. The purpose is to ensure that all processes involved in the critical functions are executed in an effective and timely manner.

### Manufacturing Facilities

Manufacturing facility of the Company is in Gadoon Amazal, KPK Province of Pakistan. The Company's manufacturing facility is a state-of-the-art construction and the structure is earthquake proof. The building is fire resilient and is fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Despite of all these arrangements, Insurance coverage is made at the maximum level. In case of any natural disaster, the Company would be able to recover its financial loss through insurance coverage. Hence, partial loss would not affect the Company operations. Moreover, other locations of the Group are available as alternate locations therefore; interruptions, if any, can be managed.

### Identification of Potential Issues and the Plan Update

Potential issues are identified and up dated from time to time to have an up to the mark solution for the anticipated problems. For such identification, independent studies are conducted and drills are carried out. Plans are updated based on the results of the studies and drills.

### Disaster Recovery Plan and IT Infrastructure

The Company has its production server facility at PTCL Karachi with backup server facility at Lahore. In case of any disaster, the Company would be able to continue its operations smoothly. Availability of servers at such distant locations enables the Company to perform its IT functions without any glitches in case of any infrastructural damage at any one location. Moreover, the company has multiple locations within Pakistan. Operations can be carried through all of the locations situated in Pakistan. During lock downs imposed by Government in view of COVID-19, Company employees worked from home smoothly via VPN clients.

### Marketing and Other Staff

Being a part of Ghulam Faruque Group, the Company senior management is present throughout Pakistan and not at any one location. In case of any mishap, operations can be taken over and continued from any other location.

# Independent Auditor's Review Report

to the members of Cherat Packaging Limited (the Company)  
Review Report on the Statement of Compliance contained in  
Listed Companies (Code of Corporate Governance) Regulations, 2019



EY Ford Rhodes  
Chartered Accountants  
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We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Cherat Packaging Limited for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

*EY Ford Rhodes*  
Chartered Accountants  
Place: Karachi  
Date: 02 September 2021

# Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2021

The company has complied with the requirements of the Regulations in the following manner:-

- The total number of Directors are 9 (nine) as per the following:

a. Male:	8
b. Female:	1

- The Composition of board is as follows:

Category	Names
Independent Directors	Mr. Ali H. Shirazi Mr. Sher Afzal Khan Mazari Ms. Maleeha Humayun Bangash
Non - Executive Directors	Mr. Aslam Faruque Mr. Shehryar Faruque Mr. Arif Faruque Mr. Akbarali Pesnani
Executive Directors	Mr. Amer Faruque Mr. Abid Vazir
Female Director	Ms. Maleeha Humayun Bangash

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board

has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;

- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Following Directors and Executives attended Directors' Training program till June 30, 2021:

Name of Director:	
Mr. Shehryar Faruque	Director
Mr. Akbarali Pesnani	Director
Mr. Ali. H. Shirazi	Director
Mr. Abid Vazir	Director & Company Secretary
Ms. Maleeha Humayun Bangash	Director

Name of Executive & Designation:	
Mr. Yasir Masood	Chief Operating Officer & Chief Financial Officer

- The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The board has formed committees comprising of members given below:

<b>a) Audit Committee</b>		
Mr. Ali H. Shirazi		Chairman
Mr. Arif Faruque		Member
Mr. Shehryar Faruque		Member

<b>b) HR and Remuneration Committee</b>		
Mr. Sher Afzal Khan Mazari		Chairman
Mr. Amer Faruque		Member
Mr. Aslam Faruque		Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-:
- a) Audit Committee. - Quarterly
- b) HR and Remuneration Committee. - Half Yearly
15. The Board has set up an effective internal audit function supervised by a Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program

of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

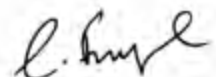
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

On behalf of the Board  
of Directors



**Akbarali Pesnani**  
Chairman

Karachi: August 24, 2021



**Amer Faruque**  
Chief Executive

# Role and Responsibilities of the Chairman and the Chief Executive Officer

Being a corporate governance compliant company, Cherat Packaging designates separate persons for the positions of the Chairman of the Board of Directors and the office of the Chief Executive Officer with clear division of roles and responsibilities.

Pursuant to the provisions of Section 192(2) of the Companies Act 2017, the Board of Directors of Cherat Packaging Limited has outlined the roles and responsibilities of the Chairman as well as the Chief Executive Officer ("CEO") of the Company, which are detailed herein below;

## Chairman

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board. The Chairman acts as the communicator for Board decisions where appropriate.

More specifically, the duties and responsibilities of the Chairman are as follows:

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the overall performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives;
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;
- ensuring that the agenda, notice of meeting alongwith all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- ensuring that the appropriate recording and circulation of the minutes of the Board meeting to the Directors and officers entitled to attend the Board meetings;
- safeguarding shareholders' interest in the Company;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities;
- ensuring that the Board is playing an effective role in fulfilling its responsibilities;
- determining the date, time and location of the annual or extraordinary general meetings of shareholders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

## Chief Executive Officer

The CEO is, subject to control and directions of the Board, entrusted with the powers of management of affairs of the Company. In such capacity the CEO's role and responsibilities include:

- planning, formulating and implementing strategic policies;
- ensuring the achievement of productivity and profitability targets and efficient Company operations;
- ensuring that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- maintaining an ongoing dialogue with the Directors in regard to changes in and implementation of Company's policies and the performance and development of the Company's business;
- ensuring that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied with in a timely manner;
- maintaining a close liaison with the Government, customers, suppliers and sales offices;
- chalking out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- ensuring that proper succession planning for all levels of hierarchy exist in the Company and the same is constantly updated;
- ensuring proper functioning of the Management Committees of the Company of which he is the chairman;
- preparing and presenting personally to the Board of Directors following reports/details:
  - o annual business plan, cash flow projections and long term plans.
  - o budgets including capital, manpower and overhead budgets along with variance analysis.
  - o quarterly operating results of the Company in terms of its operating divisions and segments.
  - o promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
  - o reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

# Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision-making in their respective domains:

## AUDIT COMMITTEE

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

The Audit Committee comprises of three Non-Executive Directors one of whom is independent and he is the Chairman of the committee. The Head of Internal Audit and the external auditor attend Audit Committee meetings,

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2020-21, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Head of Internal Audit attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

### Terms of reference of Audit Committee

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Audit Committee.

In light of the mandate the Board of Directors of Cherat Packaging Limited has drafted and approved the following terms of Reference for its Audit Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

#### The Committee shall;

- a) determine appropriate measures to safeguard the company's assets;
- b) review annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- (i) major judgmental areas;
  - (ii) significant adjustments resulting from the audit;
  - (iii) going concern assumption;
  - (iv) any changes in accounting policies and practices;
  - (v) compliance with applicable accounting standards;
  - (vi) compliance with these regulations and other statutory and regulatory requirements; and
  - (vii) all related party transactions.
- c) review preliminary announcements of results prior to external communication and publication;
  - d) facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  - e) review management letter issued by external auditors and management's response thereto;
  - f) ensure coordination between the internal and external auditors of the company;
  - g) review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensure that the internal audit function has adequate resources and is appropriately placed within the company;
  - h) consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
  - i) ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
  - j) review the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
  - k) institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and consider remittance of

any matter to the external auditors or to any other external body;

- l) determine of compliance with relevant statutory requirements;
- m) monitor compliance with these regulations and identify significant violations thereof;
- n) review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) consider any other issue or matter as may be assigned by the board of directors.

#### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Sher Atzal Khan Mazari	Chairman
Mr. Amer Faruque	Member
Mr. Aslam Faruque	Member

The Human Resource & Remuneration Committee (HR & RC) comprises of three members. The Chairman is an Independent Director whereas the other two members are the Chief Executive Officer and a Non-Executive Director. Meetings are conducted at least annually or at such other frequency as the Chairman may determine. The minutes of the meetings of the HR & RC meeting are provided to all members and Directors. The Committee held three [3] meetings during the year.

#### **Terms of Reference of the Human Resource and Remuneration Committee**

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Human Resource and Remuneration Committee.

In light of the mandate the Board of Directors of Cheral Packaging Limited has drafted and approved the following terms of Reference for its HR&RC. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

#### **The Committee shall;**

- i. recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
- ii. undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultants and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommend human resource management policies to the Board;
- iv. recommend to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v. carry out consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company; and
- vii. carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

**Records:** All documentation related to the holding, proceedings and recommendations of the HR & R Committee shall be ensured by and stored with the Secretary (HR & RC).

#### **Strategy and Performance**

The Board reviews the implementation of organization's strategic & financial plans, Board meeting agendas and supporting documents provide sufficient information and time to explore & resolve key issues. Board members demonstrate preparation for meetings through active participation in decision making.



# Report of the Audit Committee

## Audit Committee

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

The Audit Committee of the Company comprises of two Non-Executive Directors and one Independent Non-Executive Director who is the Chairman of the Committee. The Head of Internal Audit attends Audit Committee meetings. The Chief Executive Officer and Chief Financial Officer attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2020-2021. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
2. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
3. The Audit Committee has reviewed and approved all related party transactions.
4. The Audit Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

### INTERNAL AUDIT AND RISK MANAGEMENT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department has direct access to the Audit Committee.
2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on that an Audit Plan is prepared to mitigate the risks

involved in the Company's operations. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

### EXTERNAL AUDIT

1. The external auditors M/s. EY Ford Rhodes, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. EY Ford Rhodes, Chartered Accountants as External Auditors of the Company for the year ending June 30, 2022 as it is one of the Big Four audit firm and has thorough knowledge of the Company's business and industry due to long association with the Company.
4. The Company also obtains taxation related services from M/s. EY Ford Rhodes, Chartered Accountants as it is one of the reputed firm in provision of said services and has sound professional policies and procedure to ensure compliance of independence.



Ali H. Shirazi  
Chairman

August 23, 2021



## Performance and Position

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# Analysis of the Financial and Non-Financial Performance



The Company sets both financial and non-financial targets. These targets are against financial and non-financial indicators. Financial indicators reflect revenue, costs, profitability and liquidity etc., while non-financial indicators reflect brand image, human resource development and growth/expansion etc.

The Company produces annual budget based on the inputs from all of its departments like marketing, production, procurement, IT, HSE etc. These inputs are assimilated into a master budget which is presented to Board of Directors. The BoD, after deliberations, approves the master budget. The Company managed to surpass its revenue targets this year. High growth in cement industry coupled with relatively stable PKR parity and discount rates helped in improved performance. The Company continuously monitors cash flows, gearing and liquidity to evaluate the deviation and take corrective measures to keep all indicators within the range. The Company also met its non-financial targets in the areas of marketing, human resources and growth to a greater extent.

## Financial Indicators Actual Results

Year 2020-21 has been a productive one for the Company. Despite of various external factors which made business environment extremely difficult. In the midst of challenging circumstances, the Company maintained its market leadership.

Having said that, during these tough times, the Company's performance surpassed expectation owing to exceptional growth of Cement demand. The company posted a net profit of Rs. 855 Million, which is higher by Rs. 785 Million as compared to last year. This increase is mainly because of increased turnover, improved profit margins and reduction in finance cost.

Summarized operating performance of the Company for the current year as compared to last year is as follows:

	2021	2020
	(Rupees in million)	
Net sales	11,255.10	9,436.19
Cost of sales	9,317.48	8,262.46
Gross Profit	1,937.63	1,173.73
Expenses & taxes	1,082.53	1,103.49
Net Profit	855.09	70.24

The Company sold 334.23 million bags, further analysis of sales is listed below:

	2021	2020
	(Figures in Million)	
Local sales (Bags)	318.757	261.272
Export sales (Bags)	15.472	9.856
Total sales (Bags)	334.229	271.128
Flexible Packaging (Kgs)	4.659	4.344

Bags Sales increased because of increase in construction activities in the country. Revenue from Flexible Packaging Division also increased. This was due to increase in quantity sold and improvements in prices. However, this increase was not fully translated on account of unstable raw material prices.

In Rupee terms, sales analysis is reproduced below:

	2021	2020
	(Rupees in million)	
<b>Local sales</b>		
Kraft Paper & Polypropylene Bags	8,848.69	7,529.65
Flexible Packaging	2,039.68	1,662.23
Export sales - Cement Packaging	366.73	244.31
Total sales	11,255.10	9,436.19

## Budgeted Results

The Company has robust system of budgeting process. The budget is made challenging yet achievable. The Company has achieved following results against budget:

	2021 (Actual)	2021 (Budget)
	(Rupees in million)	
Net sales	11,255.10	10,187.53
Cost of sales	9,317.48	8,855.70
Gross Profit	1,937.63	1,331.83
Expenses & taxes	1,082.53	863.00
Net Profit	855.09	468.83

Analyzing the situation that prevailed last year, the Company had set targets of revenue and margins. Unparalleled growth in cement industry helped the Company to surpass its anticipated targets. Moreover, export market also responded well and generated good results. Strategic decision making and procurement strategy contributed in better results. Therefore, the Company achieved almost double the expected profit for the year.

## Dividend

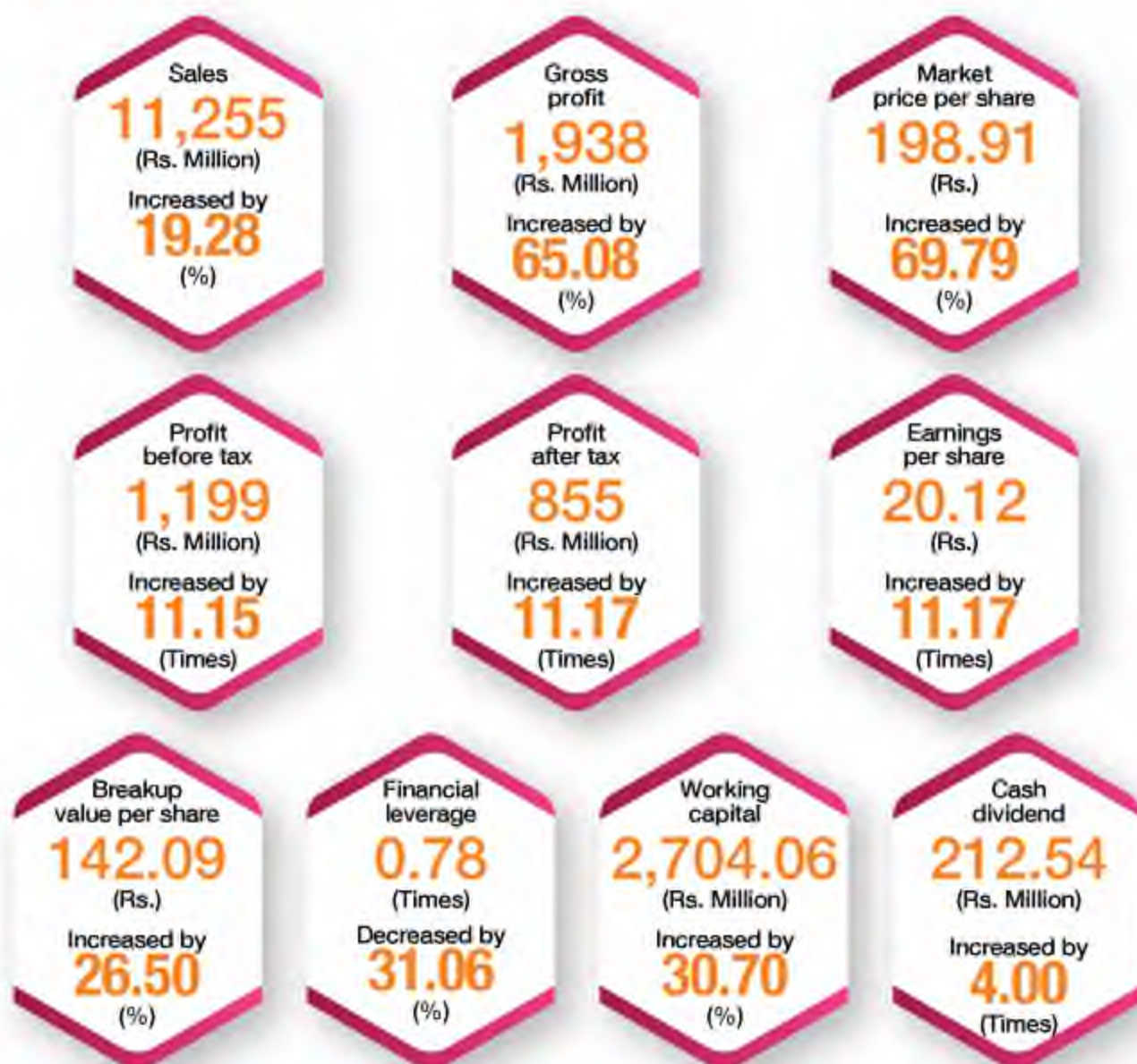
The Company has a legacy of paying dividends. This year, the Company announced/ paid 50% cash dividend for the year 2021 which includes interim dividend of 10%.

## Payment on Account of Duties, Taxes, Levies etc.

The Company fulfills its obligations well in time whether it involves vendors or Government. The Company has no outstanding or overdue duties, taxes or levies during the year.

# Key Performance Indicators

## Financial Indicators



## Methods and Assumptions in Compiling Indicators

The Company monitors its indicators which effectively reflect the Company's performance.





The Company analyze its market positioning, competitors and general market conditions while compiling its indicators. It also analyses sales, gross profit, profit after tax and EPS on regular basis to gauge its performance. These are basic indicators of Company's financial performance and profitability.

Market price is the measure of perception of the Company in the market. Market price of the Company's shares mainly increased due to the fact that the Company performed extraordinary in these tough times.

The Company manages its dividend policy with the purpose of increasing shareholders' wealth. Dividend is the amount allocated out of profit for the payment to shareholders. The Company takes its decisions of cash or stock dividend based on market conditions, share price and governing laws and regulations.

Comparing cash flow from operating activities with profit before tax can give insights into how a company finances short-term capital. The Company regularly analyses its cash flows and tries to keep it on positive side. This improved mainly due to increase in turnover, profit margins and effective working capital management.

# Non-Financial Indicators

 Capital Forms	 Objective	 KPI Monitored	 Future Relevance
Manufactured Capital	Product Development & Innovation  Business Diversification  Maintain industry leadership and expand sales  Enhance operational efficiency and efficient inventory management  Economize on cost eliminating redundancies  Sustainability	Produce high quality and low cost bags for various industries. Conversion of Robo Printing jobs to Flexo Printing to offer economical solutions to the customers.  Analyze various prospects of investments in packaging industry and invest in the most promising venture.  Market share, price management and identification of new markets.  Production efficiency ratios and Activity ratios.  Optimization of available resources and better allocation of fixed costs.  Keep a close eye on Current Ratio, Gearing and Interest Cover.	The Company believes in innovation and introducing new varieties for cement, FMCG and other industries in Pakistan.  Business diversification is our long-term objective. Leadership is our continuous endeavour and has to be maintained today and invest in operational efficiency, staff training and economies of scale to maintain it in the years to come.
Human Capital	Health & Safety of workers  Training and Education	Provision of a congenial and clean environment along with safety for smooth work.  Continuous training of employees and workers. Monitor training need analysis with special focus on health and safety at work.	We believe in continuously providing environment which harmonize the workers' efforts in higher productivity.
Relationship Capital	Shareholder Value  Stock Value  Suppliers and Customers Relationships	EPS, ROE, Debt Turnover and DPS  Analyse market price as a measure of relationship capital  Assess the payment stream and ensure timely payment. Provide customer EU maximum support beyond customer supplier relationship.	We value our relationship with all our stakeholders therefore, we will continue to strive to improve shareholders' value. Improve our customer services and maintain timely payments.
Intellectual capital	Highest product strength at lowest cost in industry  Maintain industry leadership	Regularly monitor avenues to increase product strength. Produce low gram bags for better yield to facilitate our customers.	We shall continue to innovate products and provide best possible packaging solutions.

All the above KPIs will remain relevant in the near future.

# Change in Indicators and Performance Measures

Key Performance Indicators (KPIs) provide understanding of a company's performance in key areas. These indicators are a gauge to analyze current standing of the company and likely path the company would follow.

Cherat Packaging Limited has identified following KPIs that are critical to its business. While identifying KPIs, the Company analyzed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance.

Change in important indicators is as follows

## Change in Financial Indicators

Financial indicators of the Company remained same as last year however, following financial indicators are of most importance:

### Financial Leverage

Long term loan of the Company is currently at Rs. 2.79 billion. These loans mainly consist of Rs. 1.90 billion related to Flexible Packaging Project (including loan obtained for solar power project) while other Rs. 0.89 billion is related to previous expansion in PP, installation of Universal Papersack Line and loan obtained to finance payment of wages and salaries under SBP's scheme. The Company analyzes its financial health and ensures that the Company remains at optimum financial position.

### Working Capital

Working capital is an essential part of the Company's operations. The Company has been managing its working capital efficiently. As of the end of FY 2021, working capital of the Company increased as compared to last year. Working capital mainly increased because of increase in sales and operations.

## Change in Non-Financial Indicators

Non-financial indicators of the Company remained same as last year. However, following indicators are of utmost importance.

### Human Capital

The Company keeps on working to elevate the human capital potential so that the Company can reduce its cost. The Company believes that the enhancement in human capital skills elevates the profitability of the Company.

### Relationship Capital

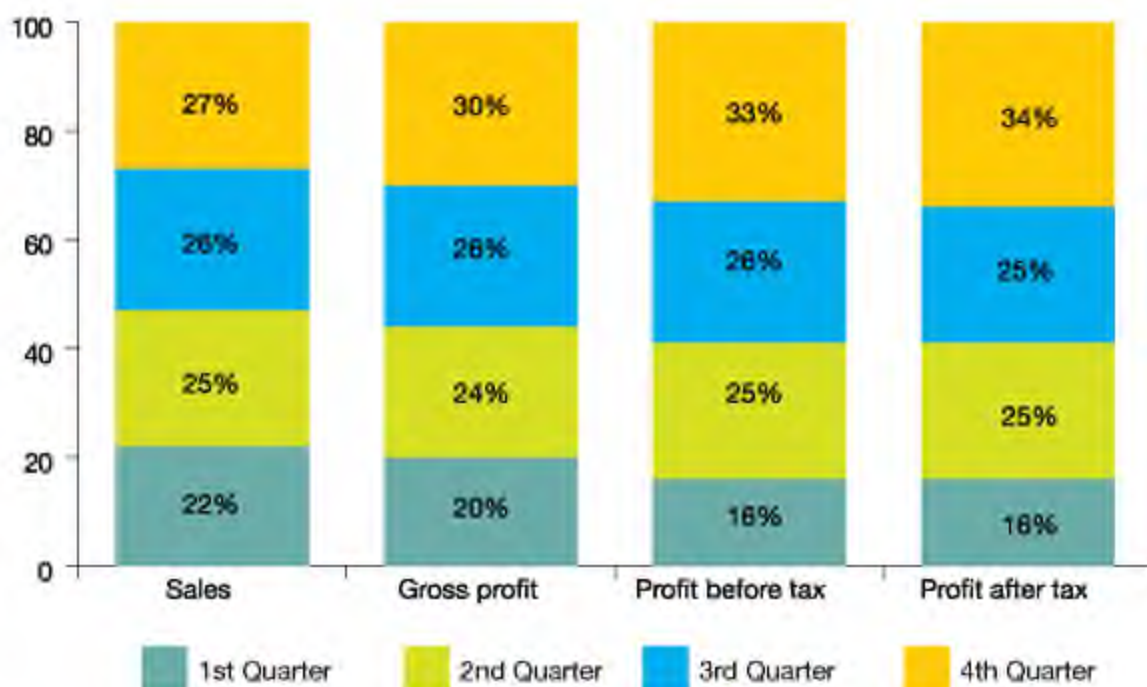
Expansion into new business of Flexible Packaging made this indicator more vital than before. The Company will ensure to run its new business venture efficiently and effectively to increase shareholders' wealth and stakeholders' value. Moreover, the Company will ensure to keep better relations with suppliers and as well as with customers through timely payments to vendors and provision of support to customers beyond expectations.

### Intellectual Capital

The Company has always been the front runner when it comes to innovation. The Company intends to carry on this legacy in Flexible Packaging Division also therefore the Company has included this indicator as it is an important key area.

# Quarterly Performance Analysis

	Sep-20	Dec-20	Mar-21	Jun-21	Total
	(Rupees in '000)				
Sales - Net	2,522,947	2,770,425	2,927,018	3,034,712	11,255,102
Cost of Good Sold	(2,138,611)	(2,291,641)	(2,428,443)	(2,458,782)	(9,317,477)
<b>GROSS PROFIT</b>	384,336	478,784	498,575	575,930	1,937,625
Distribution Expenses	(44,155)	(40,086)	(61,467)	(48,930)	(194,638)
Administrative Expenses	(22,260)	(29,578)	(26,697)	(27,383)	(105,918)
Other charges	(14,616)	(22,068)	(23,204)	(29,556)	(89,444)
	(81,031)	(91,732)	(111,368)	(105,869)	(390,000)
Other Income	5,433	5,046	12,647	12,543	35,669
<b>OPERATING PROFIT</b>	308,738	392,098	399,854	482,604	1,583,294
Finance Cost	(116,772)	(88,847)	(94,625)	(84,528)	(384,772)
<b>Profit before taxation</b>	191,966	303,251	305,229	398,076	1,198,522
Taxation	(54,343)	(87,194)	(90,705)	(111,188)	(343,430)
<b>Profit after taxation</b>	137,623	216,057	214,524	286,888	855,092





# Quarterly Results Analysis

## Quarter 1

Sales:	Due to Government's special consideration to construction sector cement demand increased. This resulted in rise in dispatches and sales revenue.
Cost of sales:	Cost of sales increased in alignment with increase in sales revenue / dispatches.
Operating profit:	Improvement of operating profit is due to increase in dispatches as stated above.
Net Profit:	Apart from the reason stated above, reduction in interest rate also contributed in increase in Profit After Tax.

## Quarter 2

Sales:	In quarter ended December 2020, increase in dispatches of Bag Manufacturing Division and Flexible Packaging Division resulted in increase in sales revenue.
Cost of sales:	Cost of sales increased due to increase in dispatches.
Operating profit:	Operating profit of Company increased due to increase in gross profit in wake of increased dispatches.
Net Profit:	A swing in Profit after Tax is due to reduced finance cost in addition to facts as mentioned above.

## Quarter 3

Sales:	Increase in sales revenue is mainly due to increase in dispatches of paper bags. BMD prices largely remained same however FPD prices improved in the quarter.
Cost of sales:	Raw material prices increased globally causing increase in COGS along with increase due to dispatches.
Operating profit:	Operating profit witnessed little growth due to escalation of PP granules cost causing reduced GP in BMD along with slump in supply of PP bags during the quarter.
Net Profit:	Due to the reasons mentioned above, Profit after Tax increased slightly during this quarter.

## Quarter 4

Sales:	Due to increase in raw material prices globally, sale prices were increased in this quarter. This resulted in increase in sales revenue. However, this was not completely translated into sales revenue due to reduction in quantity sold.
Cost of sales:	Cost of sales increased due to increase in raw material prices globally. However, due to reduction in quantity sold, the total COGS almost remain same as last quarter.
Operating profit:	A club of improvement in sales revenue and control over production efficiency resulted in a shape of increased operating profit.
Net Profit:	Increase in operating profit resulted in increased Profit after Tax. Further, reduced finance cost owing to better operations and lower running finance utilization also contributed in highest Profit after Tax for the quarter during the year.

# Ratios

## Ratio Description

	Unit	2021	2020	2019	2018	2017	2016
<b>Profitability Ratios:</b>							
Gross Profit ratio	%	17.22	12.44	17.31	15.49	19.50	22.97
Net Profit to Sales	%	7.60	0.74	6.95	10.03	10.89	13.33
EBITDA Margin to Sales	%	17.04	12.97	18.10	15.31	18.36	21.71
Operating leverage ratio	Times	4.12	(1.47)	2.17	(1.38)	3.85	2.05
Return on Equity	%	15.81	1.52	12.53	16.67	19.15	33.30
Return on Capital employed	%	9.69	0.93	7.66	9.69	15.17	25.53
Effective tax rate	%	28.65	28.82	14.73	7.03	27.84	29.80
Shareholder's Funds	%	47.98	42.78	39.35	48.20	72.16	70.79
Return on Shareholders' Funds	%	14.16	1.47	12.60	15.75	17.48	27.69
<b>Liquidity Ratios:</b>							
Current ratio	Times	1.69	1.59	1.56	2.21	3.69	2.71
Quick / Acid test ratio	Times	0.89	0.84	0.75	1.12	1.76	1.26
Cash to Current Liabilities	Times	0.01	-	-	-	0.02	0.02
Cash flow from Operations to Sales	Times	0.13	0.17	(0.10)	-	0.06	0.19
<b>Investment / Market Ratios:</b>							
Earnings per share (EPS)	Rs.	20.12	1.65	13.24	18.87	23.71	31.55
Price to book ratio	Times	1.40	1.04	0.70	1.07	1.75	3.05
Market Value Per Share							
at the end of the year	Rs.	198.91	117.15	80.64	143.69	237.78	341.77
Low during the year	Rs.	119.44	49.16	80.00	132.40	237.78	191.97
High during the year	Rs.	249.28	138.49	192.45	279.01	415.00	347.36
Price Earnings ratio	Times	9.89	70.90	6.09	7.61	10.03	10.83
Break up value per share*	Rs.	142.09	112.32	115.58	134.40	135.68	112.02
Dividend Yield ratio	Times	0.03	0.01	0.06	0.05	0.04	0.03
Dividend Payout ratio	Times	0.25	0.61	0.38	0.37	0.40	0.32
Dividend Cover ratio	Times	4.02	1.65	2.91	3.02	2.50	3.10
Cash Dividend	Rs.(000')	212,535	42,507	193,220	235,212	281,252	296,055
Cash Dividend per share	Rs.	5.00	1.00	5.00	7.00	9.50	10.00
Stock Dividend	%	-	-	10.00	15.00	-	-
<b>Capital Structure Ratios:</b>							
Financial leverage ratio	Times	0.78	1.14	1.31	0.83	0.19	0.13
Weighted average cost of debt	%	7.91	14.20	9.18	4.18	4.00	9.39
Net borrowing / EBITDA	Times	2.46	4.42	3.97	3.45	0.64	0.27
Average operating working capital							
as %age of sales	%	45.50	53.98	53.07	39.23	31.67	26.89
Debt to Equity ratio	Times	32 : 68	37 : 63	39 : 61	38 : 62	13 : 87	8 : 92
Interest Cover ratio	Times	4.11	1.13	2.30	6.96	16.17	19.07
<b>Activity / Turnover Ratios:</b>							
Inventory turnover ratio	Times	3.23	2.87	2.61	3.42	3.66	4.74
No. of Days in Inventory	Days	112	125	138	105	98	76
Debtor turnover ratio	Times	5.33	5.34	6.17	7.26	7.97	8.96
No. of Days in Receivables	Days	68	67	58	50	45	40
Total Assets turnover ratio	Times	0.89	0.85	0.71	0.75	1.16	1.47
Fixed Assets turnover ratio	Times	2.24	1.85	1.57	1.48	3.53	4.17
Creditor turnover ratio	Times	16.29	18.25	19.16	10.34	18.68	25.64
No. of Days in Creditors	Days	22	20	19	35	19	14
Operating Cycle	Days	157	172	177	120	124	102
<b>Employee Productivity Ratios:</b>							
Production per employees	Rs.	36,705	32,632	29,963	34,942	49,657	67,231
Revenue per employee	Rs.	44,841	37,150	35,342	40,992	61,961	87,198
Staff turnover ratio	%	5.53	4.55	4.98	1.45	5.43	6.49
<b>Non Financial Ratios:</b>							
% of Plant Availability (BMD)	%	54.99	45.91	46.42	58.24	75.51	83.24
% of Plant Availability (FPD)	%	45.62	47.94	15.15	4.16	-	-
<b>Others:</b>							
Spare inventory as a % Assets costs	%	2.71	2.49	2.29	1.06	1.52	1.65
Maintenance cost as							
% of Operating expenses	%	2.35	2.54	2.15	1.46	1.48	1.30

\*This includes all investments made at fair value. The Company have all its investments in related parties only.

# Comments on Ratios

## Profitability

The Company has remarkable profitability ratios over last few years. This is due to better decision making in response to prevalent market conditions. In the year 2016, the Company has witnessed incredible achievement in sales, production and profitability; and recorded highest ever profit of Rs. 918 million. In the years 2017 and 2018, regardless of increase in sales quantity, the profitability ratios were impacted because of increased market competition. Moreover, increase in raw material prices, currency devaluation and shortage of Kraft paper put high pressure on the Company's profit.

In the year 2019, challenging socio-economic conditions i.e. weakening currency, higher discount rates and decelerated economic activities hampered the Company's sales. However, the Company was still able to maintain its profitability ratios. Since March 2020, the whole world was affected by the global pandemic i.e. COVID-19 and Pakistan is not an exception. Businesses were severely affected due to lock downs in order to curtail the spread of the virus. However, due to measures taken by the Company, in the year 2020, the Company was able to generate a profit of Rs. 70 million and reasonable profitability ratios in those testing times. In the current year, the Company was able to post highest ever Sales Revenue of Rs. 11.26 billion and highest profit of Rs. 855 million in last five years. This is due to multiple factors which includes extraordinary increase in cement demand, measures taken by the Government to reduce impact of pandemic, effective marketing strategies, etc

## Liquidity

Company has enhanced its long term, short term financing and working capital requirements from previous years due to expansion in recent years. With strong working capital management, better profitability and cash generating policies, the Company was able to report better liquidity position in the current year.

## Investment / Market

Investment / Market Ratios are the direct reflection of the overall performance of the Company. In the current year, the Company has reported EPS of Rs. 20.12 which is the highest since the year 2018. This is due to increase in sales, production efficiency and effective marketing strategies. Moreover, the market price of the Company's shares also increased during the year. This is mainly because of the fact that the Company performed well against the expectations of the shareholders.

## Capital Structure

The Company continuously monitors its capital structure and aims to keep it at its optimum level. Financial leverage was highest in the financial year 2019. However, the ratio went down in later years on account of increase in operations, effective working capital management (which resulted in reduction in short term borrowings), better profitability and loan repayments.

## Activity / Turnover

The inventory turnover of the Company witnessed healthy trend as the Company strives to implement effective inventory management. As the major raw materials of the Company are imported, the inventory turnover days of the Company remain on the higher side. To be competitive in the market and to gain market share, the Company extends credit to its customers keeping in view the credit worthiness of the customer. The Company seeks to maintain level up to 45 days credit. The Company believes in strong relations with vendors to assure smooth supply of goods and services which is why it strives to keep the creditors turnover at lower level. Implementation of effective management policies increased asset turnover ratio of the Company.

## Employee Productivity Ratios:

Company has always strived hard to provide better working environment for its staff to keep its employees motivated for better productivity and performance. Employee productivity has increased over last 4 years due to better human resource management and effective recruitment process of the Company.

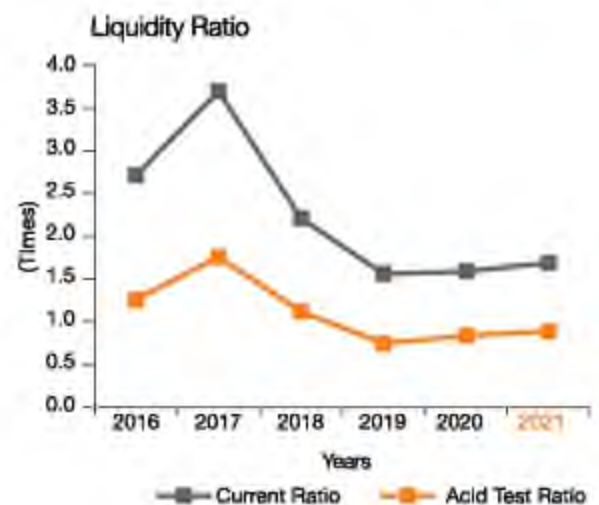
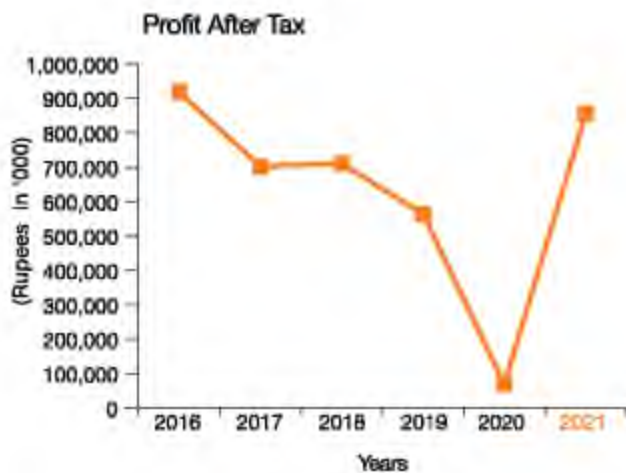
## Non-Financial Ratios:

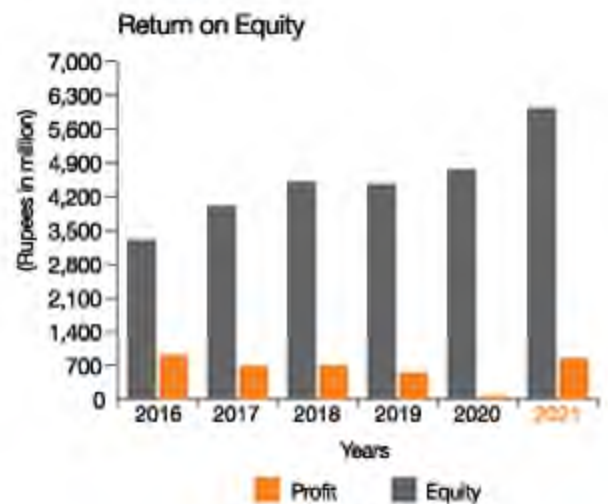
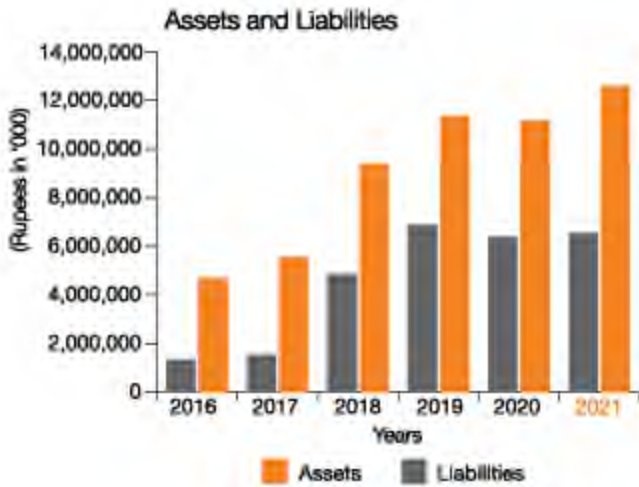
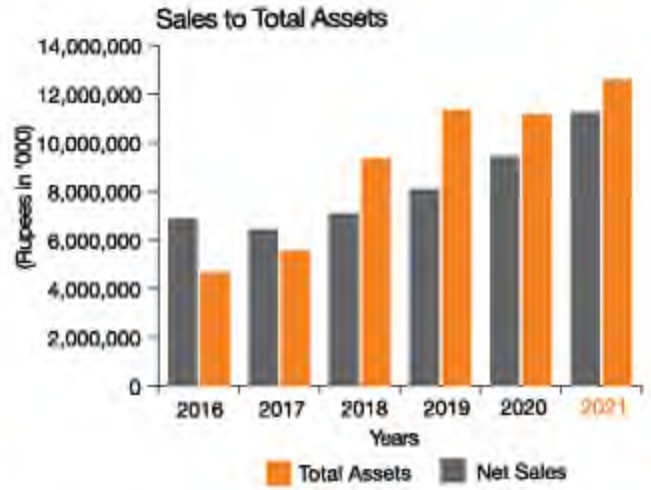
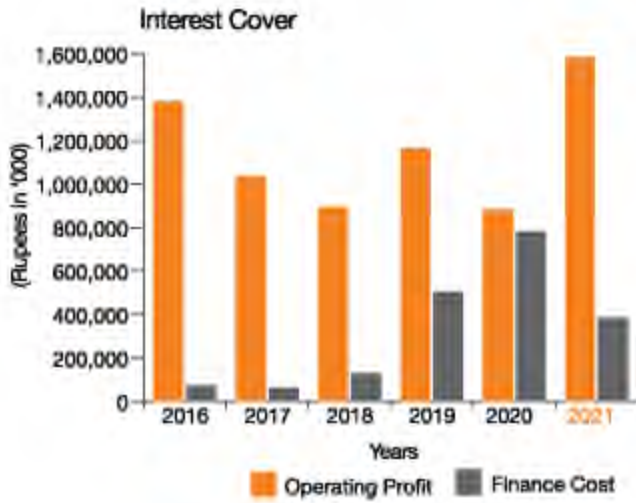
The history of Cherat Packaging is marked with expansions and growth. In the recent years, the Company installed Flexible Packaging Project in order to cater fast evolving consumer market and new trends in packaging industry; and Universal Papersack line. The Universal Papersack line is capable of producing paper bags of various sizes. The availability ratio is in line with the market demand.

## Other Ratios:

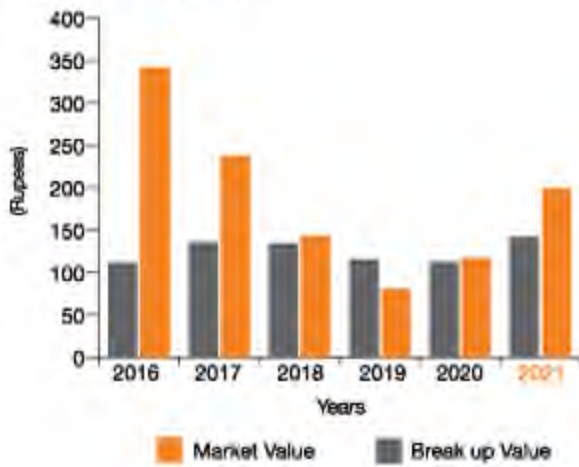
The Company has installed state-of-the-art machineries from reputable vendors. As a result of which the Company is not only benefited through quality output and efficiency in production, but also maintenance cost / spares inventory are kept on a lower side. Moreover, in the recent years, the said ratios have slightly increased due to diversification and expansions.

# Graphical Presentation of Analysis of Financial Statements

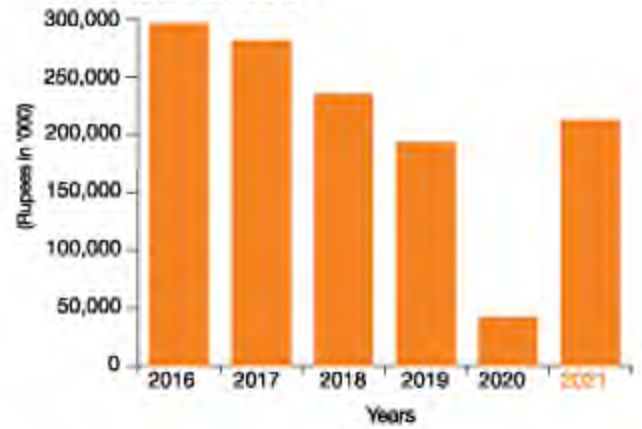




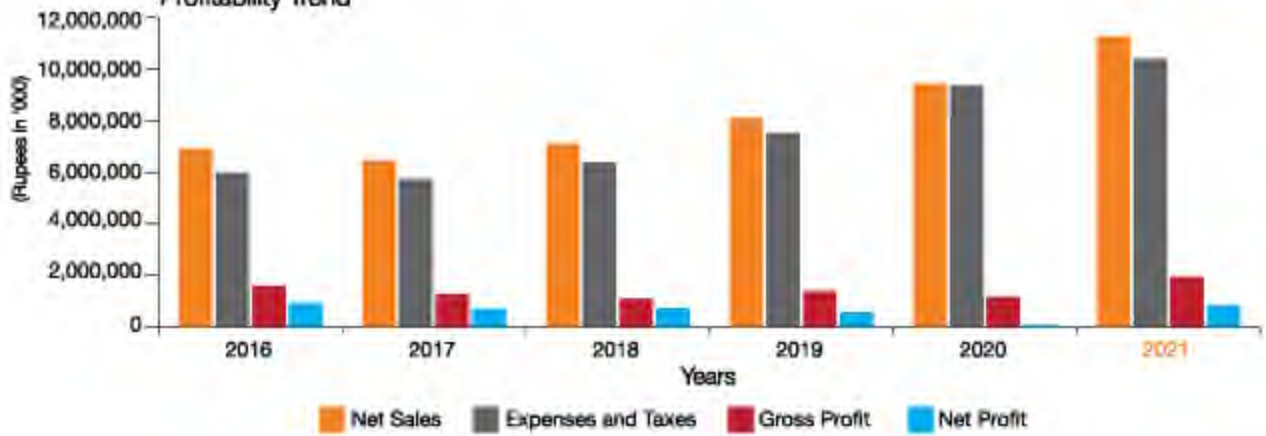
**Value Per Share**



**Cash Dividend**



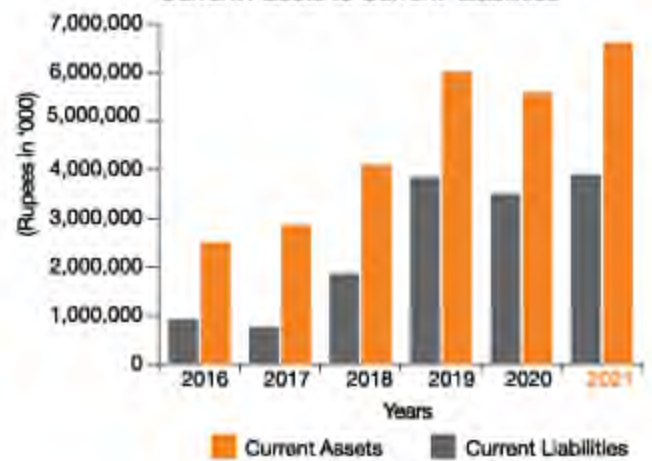
**Profitability Trend**



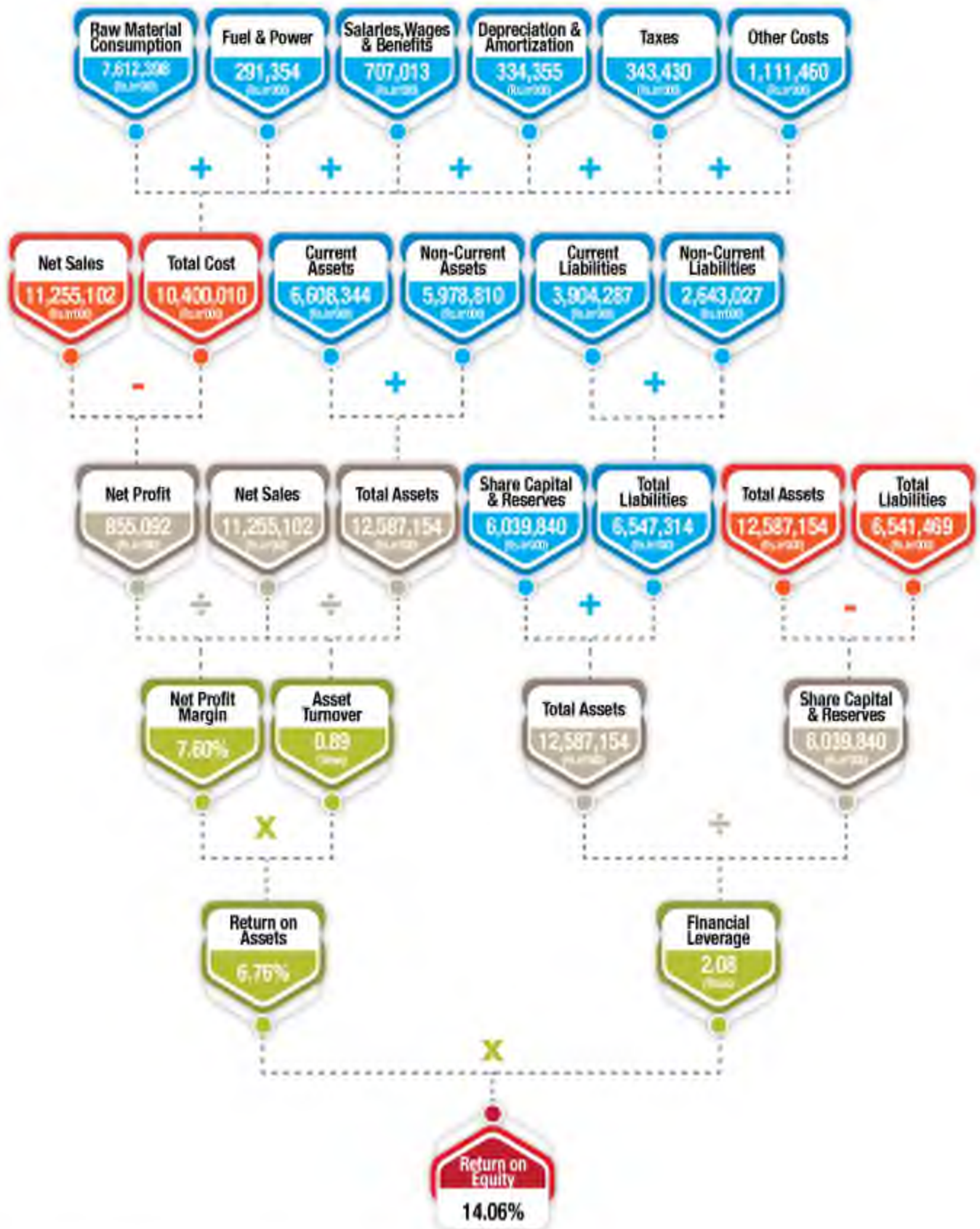
**Net Profit to Total Assets**



**Current Assets to Current Liabilities**



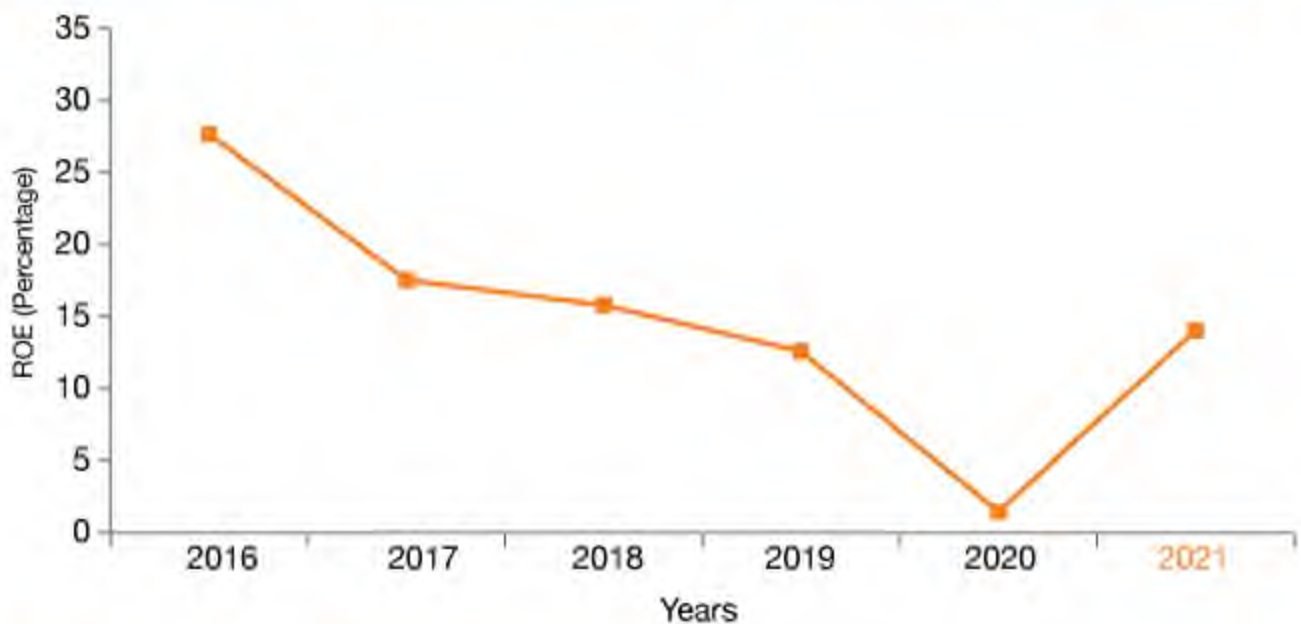
# Dupont Chart



# Dupont Analysis

Year	Net Profit Margin	Assets Turnover	Financial Leverage	ROE
	Net Profit / Sales	Sales / Total Assets	Total Assets / Total Equity	
	A	B	C	
2016	13.33%	1.47	1.41	27.69%
2017	10.89%	1.16	1.39	17.56%
2018	10.03%	0.78	2.07	15.81%
2019	6.95%	0.71	2.54	12.60%
2020	0.74%	0.85	2.34	1.47%
2021	7.60%	0.89	2.08	14.06%

## Graphical Presentation of Dupont Analysis



### Comments on DuPont Analysis

1. Profit margin of the Company increased during the year due to high growth in cement sector, favorable Government policies and reduction in discount rate.
2. Asset Turnover slightly increased during the year because of increase in revenue with a corresponding increase in assets of the Company.
3. Although, Long term financing, including current maturity increased as compared to last year, financial charges declined due to better profit, reduced short term borrowings and decline in discount rates.
4. ROE Significantly increased during the year due to increase in profit of the Company, which is a result of various economic factors such as reduction in discount rates and favorable Government policies for construction related businesses. Further Asset turnover and financial leverage has also improved during the year.



# Free Cash Flows

## Free Cash Flows to the Firm

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Earning before interest and taxes	1,583,294	882,181	1,166,634	893,145	1,037,061	1,380,395
Adjustment for non-cash items	308,968	377,561	276,404	170,312	131,470	92,494
Working capital changes	(392,560)	311,532	(2,219,521)	(1,064,481)	(793,190)	(158,836)
<b>Net cash generated from operating activities</b>	<b>1,499,702</b>	<b>1,571,274</b>	<b>(776,483)</b>	<b>(1,024)</b>	<b>375,341</b>	<b>1,314,053</b>
Capital expenditure	(259,209)	(283,154)	(673,827)	(3,158,595)	(316,727)	(382,570)
<b>Free cash flows to the firm</b>	<b>1,240,493</b>	<b>1,288,120</b>	<b>(1,450,310)</b>	<b>(3,159,619)</b>	<b>58,814</b>	<b>931,483</b>
<b>Free Cash Flows to the Equity Holders</b>						
Free cash flow to the firm	1,240,493	1,288,120	(1,450,310)	(3,159,619)	58,814	931,483
Net borrowings	(695,550)	398,005	2,078,720	2,985,256	351,174	(905,016)
Finance cost paid	(475,949)	(801,027)	(383,380)	(77,293)	(51,155)	(96,419)
<b>Free cash flow to the equity holders</b>	<b>68,994</b>	<b>89,088</b>	<b>245,030</b>	<b>(251,656)</b>	<b>358,833</b>	<b>(69,952)</b>

## Comments

Free cash flow to the firm slightly decreased as compared to last year mainly due to increase in working capital requirement. Free cash flow to the equity holders also declined as compared to last year due to the fact that the company made certain repayments of debts.

## Graphical presentation of free cash flow analysis

Free cash flows to the firm and equity holders



# Economic Value Added

	2021	2020
	(Rupees in '000)	
Net Operating Profit After Tax	1,239,864	853,738
Cost of capital	(616,950)	(909,274)
Economic value added	622,914	(55,536)
Total Assets	12,587,154	11,160,731
Current Liabilities	(3,904,287)	(3,511,290)
Invested Capital	8,682,867	7,649,441
WACC	7.11%	11.89%
Cost of capital	616,950	909,274

## Comments

As compared to last year, the economic value addition of the Company increased due to increase in operating profit after tax of the Company and decrease in WACC. Operating profit after tax of the Company mainly increased due to increase in Cement demand, effective marketing strategies, efficient production process etc. whereas, WACC of the Company reduced on account of reduction in overall KIBOR rates.



# Horizontal Analysis - Last Six Years

2021		2020	
(Rupees in '000)	%	(Rupees in '000)	%

## Statement of Financial Position

### ASSETS

Non-Current Assets	5,978,810	7%	5,580,510	5%
Current Assets	6,608,344	18%	5,580,221	-7%
<b>Total Assets</b>	<b>12,587,154</b>	<b>13%</b>	<b>11,160,731</b>	<b>-2%</b>

### EQUITY AND LIABILITIES

Share Capital and Reserves	6,039,840	27%	4,774,404	7%
Non-Current Liabilities	2,643,027	-8%	2,875,037	-5%
Current Liabilities	3,904,287	11%	3,511,290	-9%
<b>Total Equity and Liabilities</b>	<b>12,587,154</b>	<b>13%</b>	<b>11,160,731</b>	<b>-2%</b>

## Statement of Profit or Loss

Turnover – net	11,255,102	19%	9,436,193	17%
Gross profit	1,937,625	65%	1,173,729	-16%
Operating profit	1,583,294	79%	882,181	-24%
Profit before taxation	1,198,522	1115%	98,678	-85%
Profit after taxation	855,092	1117%	70,235	-88%

2019		2018		2017		2016	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
5,328,751	1%	5,273,537	95%	2,703,235	24%	2,174,501	23%
6,022,692	47%	4,095,137	43%	2,863,159	14%	2,510,213	15%
<u>11,351,443</u>	21%	<u>9,368,674</u>	68%	<u>5,566,394</u>	19%	<u>4,684,714</u>	19%
4,466,238	-1%	4,516,005	12%	4,016,877	21%	3,316,291	51%
3,033,486	1%	2,997,929	287%	774,085	76%	440,975	-46%
3,851,719	108%	1,854,740	139%	775,432	-18%	927,448	0%
<u>11,351,443</u>	21%	<u>9,368,674</u>	68%	<u>5,566,394</u>	19%	<u>4,684,714</u>	19%
8,093,407	14%	7,091,653	10%	6,443,932	-6%	6,888,605	11%
1,400,649	28%	1,098,332	-13%	1,256,478	-21%	1,582,067	21%
1,166,634	31%	893,145	-14%	1,037,061	-25%	1,380,395	22%
660,080	-14%	764,883	-21%	972,943	-26%	1,307,991	42%
562,873	-21%	711,079	1%	702,049	-24%	918,239	41%

## Vertical Analysis - Last Six Years

2021		2020	
(Rupees in '000)	%	(Rupees in '000)	%

### Statement of Financial Position

#### ASSETS

Non-Current Assets	5,978,810	47%	5,580,510	50%
Current Assets	6,608,344	53%	5,580,221	50%
<b>Total Assets</b>	<b>12,587,154</b>	<b>100%</b>	<b>11,160,731</b>	<b>100%</b>

#### EQUITY AND LIABILITIES

Share Capital and Reserves	6,039,840	48%	4,774,404	43%
Non-Current Liabilities	2,643,027	21%	2,875,037	26%
Current Liabilities	3,904,287	31%	3,511,290	31%
<b>Total Equity and Liabilities</b>	<b>12,587,154</b>	<b>100%</b>	<b>11,160,731</b>	<b>100%</b>

### Statement of Profit or Loss

Turnover – net	11,255,102	100%	9,436,193	100%
Gross profit	1,937,625	17%	1,173,729	12%
Operating profit	1,583,294	14%	882,181	9%
Profit before taxation	1,198,522	11%	98,878	1%
Profit after taxation	855,092	8%	70,235	1%

2019		2018		2017		2016	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
5,328,751	47%	5,273,537	56%	2,703,235	49%	2,174,501	46%
6,022,692	53%	4,095,137	44%	2,863,159	51%	2,510,213	54%
<u>11,351,443</u>	100%	<u>9,368,674</u>	100%	<u>5,566,394</u>	100%	<u>4,684,714</u>	100%
4,466,238	39%	4,516,005	48%	4,016,877	72%	3,316,291	71%
3,033,486	27%	2,997,929	32%	774,085	14%	440,975	9%
3,851,719	34%	1,854,740	20%	775,432	14%	927,448	20%
<u>11,351,443</u>	100%	<u>9,368,674</u>	100%	<u>5,566,394</u>	100%	<u>4,684,714</u>	100%
8,093,407	100%	7,091,653	100%	6,443,932	100%	6,888,605	100%
1,400,649	17%	1,098,332	15%	1,256,478	19%	1,582,067	23%
1,166,634	14%	893,145	13%	1,037,061	16%	1,380,395	20%
660,080	8%	764,883	11%	972,943	15%	1,307,991	19%
562,873	7%	711,079	10%	702,049	11%	918,239	13%

# Comments on Horizontal Analysis

## Statement of Financial Position

### Fixed Asset

Growth in Fixed Assets value evidences expansion made by the Company.

### Investments

With the growth in economy and PSX index, the share price of Cherat Cement Company Limited increased by Rs. 90.21 per share which is representing increase in share price by 103%. Hence unrealized capital gain of Rs. 481 Million is reflected this year while cumulative unrealized gain reached up to Rs. 744 Million approximately.

### Stores, spare parts & loose tools, Stock in trade and Trade debts

Stores, spare parts & loose tools, Stock in trade and Trade debts increased steadily over past six years on account of increase in operations and expansions.

### Taxation

During the year, the Company has recorded profit of Rs. 855 million approximately. Current year provision is adjusted against alternate corporate tax & minimum taxes therefore a jump of Rs. 315 Million in taxation is observed in comparison with last year.

### Share Capital & Reserves

Analysis shows that continuous progress in shareholders, equity is mainly due to profit reported by the Company during last six years coupled with growth in reserves is due to escalation in share price of Cherat Cement Company Limited.

### Long Term Loans

Long term loan did not reduced as expected as compared to last year mainly due to draw down of loan against installation of Solar power plant of Rs. 105 million approximately and deferment of principal repayment against Flexible Packaging plant.

### Current Liabilities

Increase in current liabilities of the Company over last 3 years is in alignment with increase in business activities. Company is managing to buy raw material at improved credit terms to maintain sufficient working capital.

## STATEMENT OF PROFIT OR LOSS

### Turnover

Turnover of the Company has reached approximately Rs. 11,2 billion at the year ended 2021 whereas the said turnover was Rs. 6,443 million at the year ended 2017. Increase in turnover is corroborating the Company's continuous growth and expansions over the last 6 years.

### Gross Profit

In the midst of increasing raw material prices and increasing exchange rate, the Company reported a gross profit of Rs. 1,937 Million for the year ended 2021. The highest gross profit is confirming the company's efficiency in production and effective operations management achieved through the installation of state-of-the-art plant and machinery, effective inventory and supply chain management and retention of valuable human resource.

### Operating Profit

Higher gross profit directly influenced operating profit of the Company. The Company managed its administrative and other expenses to keep it under acceptable limits hence it helped the Company in achieving better operating profit as compared to previous years.

### Finance Cost

A major improvement in finance cost is reflected in the year 2021 which is due to reduction in mark-up rates and repayment of loans. Further, loans related to repayment of Salaries and wages at lower mark up rate also helped the Company in reducing its finance cost.

### Net Profit

The Company had achieved a milestone of highest net profit of Rs. 918 million in the year 2016. After expansion of FPD, the Company's net profit reduced owing to loss sustained by flexible packaging division since FPD was a new venture and the Company was following market penetration strategy. However, in the current year, the Company achieved Rs. 855 million due to better margins and effective operations management.

# Comments on Vertical Analysis

## Statement of Financial Position

### Non-Current Assets

Major increase in Non-Current Assets is due to increase in long term investments. Market price of Cherat Cement Company Limited's shares increased by Rs. 90.21 per share as a result of which investment value increased by approximately Rs. 481 million as on June 30, 2021.

### Current Assets

Current Assets of the Company primarily increased due to increase in trade debts and stock-in-trade. This increase is in line with the increase in operations of the Company.

### Long-term loans

During the year, long-term financing mainly declined because of repayment of loans. However, the impact of the said repayment was not fully translated because of additional financing obtained during the year. These additional financing include financing in respect of renewable energy and payment of wages and salaries.

## STATEMENT OF PROFIT OR LOSS

### Gross profit

For the year ended June 30, 2021, the Company reported highest ever gross profit of Rs. 1.9 billion. This was majorly on account of increase in cement demand, effective marketing strategies, measures taken by Government to reduce effect of pandemic, efficient production process, etc.

### Net profit

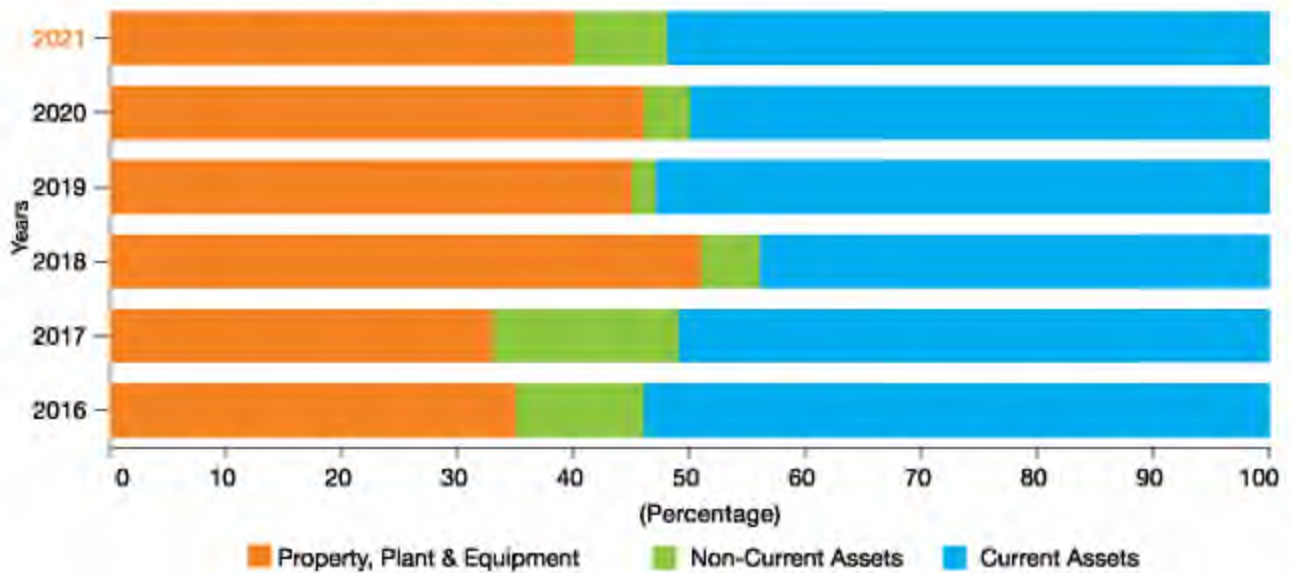
Net profit reported by the Company during the year is highest since the year 2017. This is due to the increase in gross profit (as discussed above) and reduction in finance Costs.



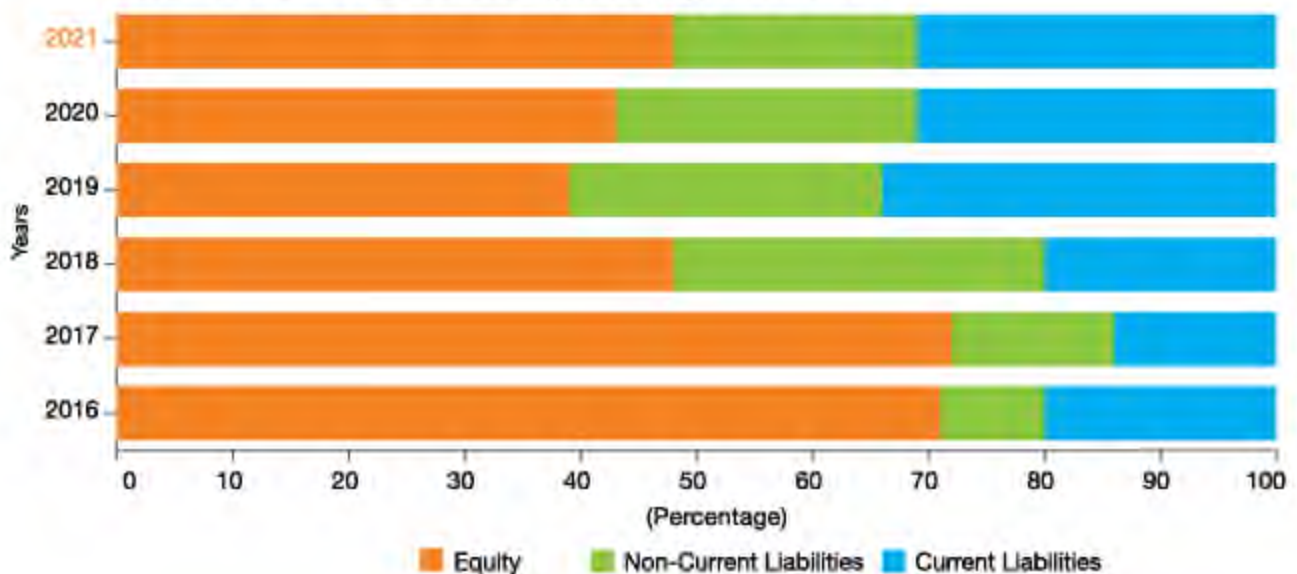


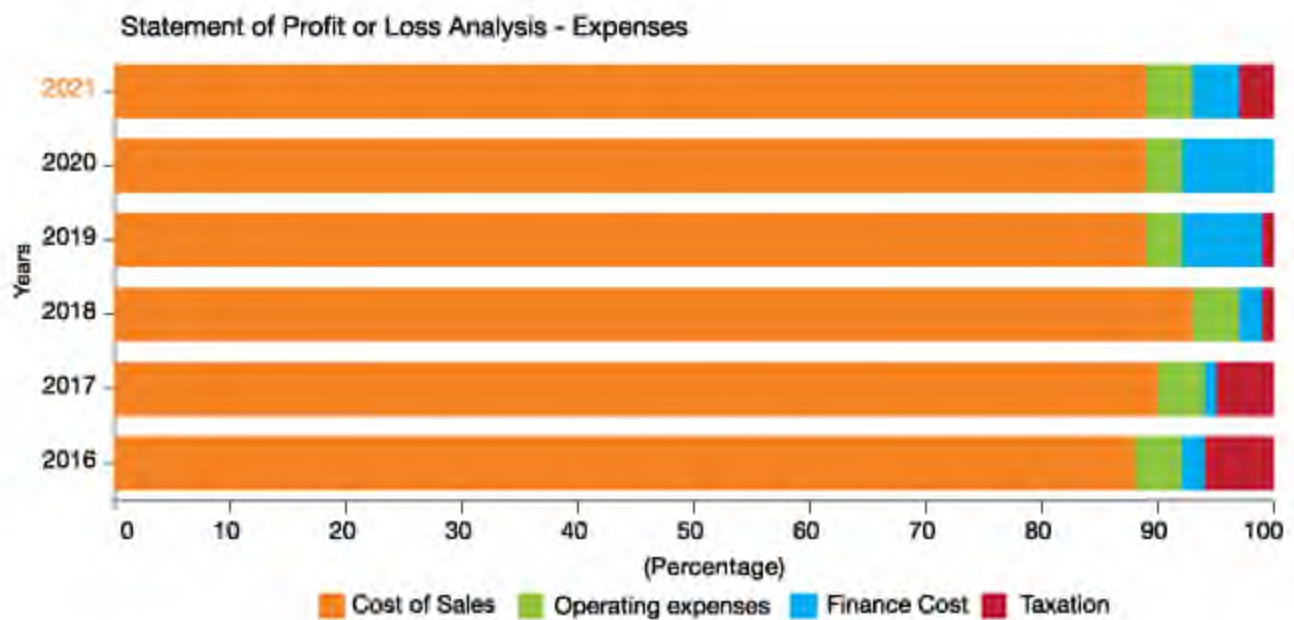
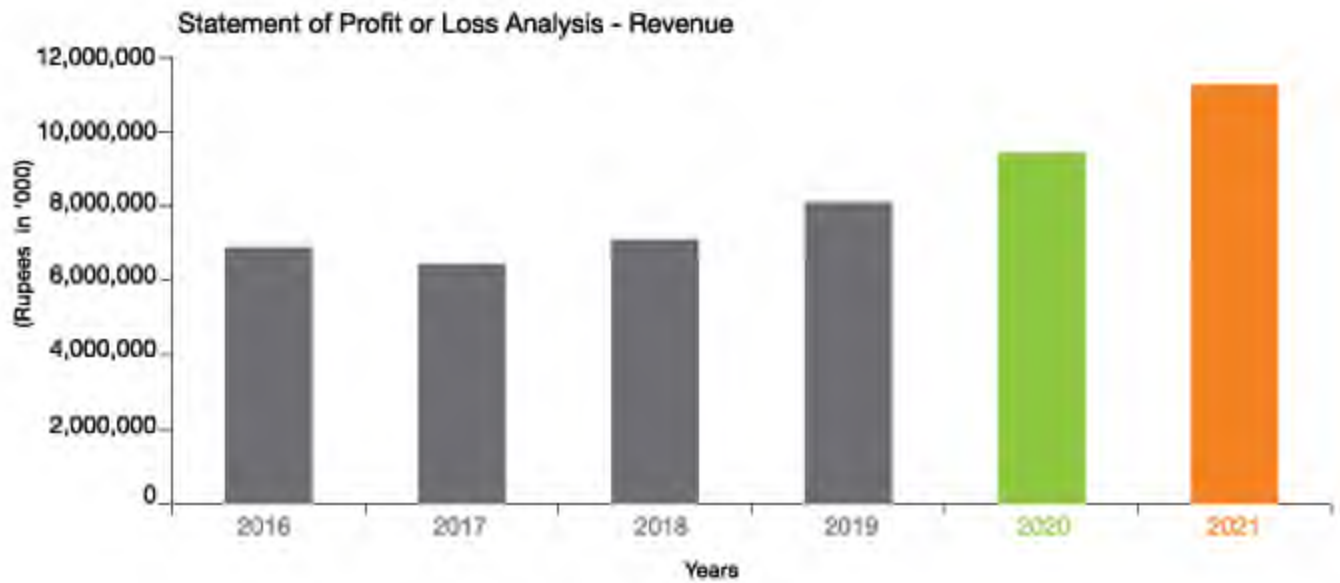
# Graphical Presentation of Statement of Financial Position & Statement of Profit or Loss

Statement of Financial Position Analysis - Assets



Statement of Financial Position Analysis - Equity and Liabilities





# Summary of Statement of Cash Flows-Last Six Years

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Net cash generated from / (used in) operating activities	1,499,702	1,571,274	(776,483)	(1,024)	375,341	1,314,053
Net cash used in investing activities	(236,108)	(274,392)	(650,862)	(3,135,215)	(397,802)	(363,085)
Net cash (used in) / generated from financing activities	(1,256,148)	(1,294,999)	1,431,846	3,129,449	20,374	(943,937)
Net increase / (decrease) in cash and cash equivalents	7,446	1,883	4,501	(6,790)	(2,087)	7,031
Cash and cash equivalents as at the beginning of the year	15,022	13,139	8,638	15,428	17,515	10,484
Cash and cash equivalents as at the end of the year	22,468	15,022	13,139	8,638	15,428	17,515



# Comments on Statement of Cash Flows

Cash flow from operating activities witnessed great fluctuation during the period from FY 2016 to FY 2018. The major reason was the optimization of stock-in-trade level with respect to new polypropylene bags plant operations. Operating cash flows witnessed high growth in FY 2016. In FY 2016, the ever highest performance of the Company caused cash flows from operating activities to increase further. Decrease in profit in FY 2017 impacted the cash flow negatively. Further, the operating cash flows fell slightly on negative side mainly on account of decreased profit before tax, increased investment in stock in anticipation of expected operation of Flexible Packaging project and payments of sales tax and withholding tax on import of various machineries of Flexible Packaging. In FY 2019, full-fledge operations of FPD, increased discount rate and dwindling PKR parity caused the operating cash flows to decrease further. In FY 2020 the Company witnessed the highest operating cash flows due to effective working capital management. However, during the current year, the main reason for a slight decrease in operating cash flows is of stock-in-trade level with respect to FPD plant operations.

The Company has been in continuous expansion. From FY 2016 to FY 2018, the Company installed two PP lines enhancing its production capacity to 195 million bags per annum. In FY 2018, the Company installed Universal Papersack line enhancing its production capacity to 400 million KP bags per annum. Correspondingly, the Company also initiated Flexible Packaging line in 2018. The Company installed remaining machineries of Flexible Packaging Division in FY 2019. In current year, the Company also installed certain other machineries for Flexible Packaging Division. In FY 2021, Company initiated solar power project to look after its energy needs.

Cash flows from financing activities are direct reflection of the above two. During the FY 2018, the Company issued right shares and obtained loans to finance its new venture into Flexible Packaging and enhancing its production capacity of KP bags by installing Universal Papersack line. In FY 2019, tough business conditions and higher operational costs compelled the Company to utilize its running finance facility. In the FY 2020, the Company, due to its effective working capital management, was able to reduce its running finance utilization. During the current year, Company had further repaid its short term borrowings owing to better profitability than last year.



# Statement of Cash Flows Direct Method

for the year ended June 30, 2021

## CASH FLOWS FROM OPERATING ACTIVITIES

	2021	2020
	(Rupees in '000)	
Cash receipts from customers	11,011,092	9,061,310
Cash paid to suppliers and employees	(9,266,679)	(7,388,983)
Cash generated from operations	1,744,413	1,672,327
Net income tax paid	(244,811)	(102,122)
Long-term loans and security deposits - net	100	1,875
<b>Net cash generated from operating activities</b>	<b>1,499,702</b>	<b>1,572,080</b>

## CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure incurred - net of borrowing costs	(259,209)	(283,154)
Additions to intangible assets	-	(689)
Proceeds from sale of operating property, plant and equipment	17,773	4,608
Dividend received	5,328	4,843
<b>Net cash used in investing activities</b>	<b>(236,108)</b>	<b>(274,392)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES

Long-term financing - net	(9,511)	(79,246)
Dividend paid	(84,649)	(95,967)
Short-term borrowings	(686,039)	(319,565)
Finance costs paid	(475,949)	(801,027)
<b>Net cash used in financing activities</b>	<b>(1,256,148)</b>	<b>(1,295,805)</b>

## Net increase in cash and cash equivalents

	7,446	1,883
--	-------	-------

## Cash and cash equivalents as at the beginning of the year

	15,022	13,139
--	--------	--------

## Cash and cash equivalents as at the end of the year

	22,468	15,022
--	--------	--------

## Key Financial Information - Last Six Years

	2021	2020	2019	2018	2017	2016
	(Quantity in million)					
Production BMD (Bags)	327.17	273.17	276.18	346.55	351.97	341.29
Production FPD (Kgs)	4.607	4.429	1.261	0.003	-	-
Sales BMD (Bags)	334.23	271.13	270.53	344.78	352.18	341.13
Sales FPD (Kgs)	4.659	4.344	1.171	0.003	-	-

### Summary of Statement of Financial Position

	(Rupees in million)					
<b>Assets</b>						
Non-Current Assets	5,979	5,580	5,329	5,274	2,703	2,175
Current Assets	6,608	5,580	6,023	4,095	2,863	2,510
<b>Total Assets</b>	<b>12,587</b>	<b>11,160</b>	<b>11,352</b>	<b>9,369</b>	<b>5,566</b>	<b>4,685</b>
<b>Equity and Liabilities</b>						
Shareholders Equity	6,040	4,774	4,466	4,516	4,017	3,316
Non-Current Liabilities	2,643	2,875	3,034	2,998	774	441
Current Liabilities	3,904	3,511	3,852	1,855	775	928
<b>Equity and Liabilities</b>	<b>12,587</b>	<b>11,160</b>	<b>11,352</b>	<b>9,369</b>	<b>5,566</b>	<b>4,685</b>

### Summary of Statement of Profit or Loss

Turnover-Net	11,255	9,436	8,093	7,092	6,444	6,889
Gross profit	1,938	1,174	1,401	1,098	1,256	1,582
Operating profit	1,583	882	1,167	893	1,037	1,380
Profit before tax	1,199	99	660	765	973	1,308
Profit after tax	855	70	563	711	702	918

**BMD** = Bags Manufacturing Division

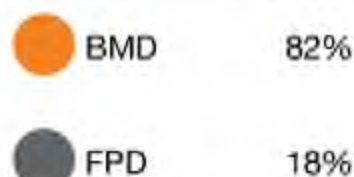
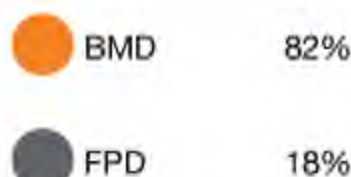
**FPD** = Flexible Packaging Division

# Segmental View of Business Performance

During these difficult times of Pandemic, the Company made exceptional performance on the back of tremendous cement demand. Further strategic partnership with international suppliers helped the Company in reaping the benefits of high demands. The Company also managed to increase its export

## Segmental View

The Company is investing in various clients (especially FMCGs) in shape of samples and test products. Various clients are testing our products and the Company is receiving positive response. The Company expects that FPD sales will increase in coming years. Though, FPD contribution in total sales remained same at 18% as was last year, however, the FPD revenue witnessed an increase of 23% in revenue as compared to last year.



## Market Share

Cherat Packaging is the largest producer of Cement bags in Pakistan. The Company is the gateway to innovation in cement packaging as it has introduced various groundbreaking innovations which not only benefited customers but also lead the Company to be the leader of the cement packaging industry. The Company enjoys prominent edge over its competitors regarding market share by virtue of its diversified investment in KP and PP bags. Moreover, the Company entered into Flexible Packaging Division in 2018 and through penetration strategy, the Company is gaining market acceptance and increasing its market share gradually.

## Explanation of Negative Changes in Performance over the Period

Over the year, the Company performed well surpassing expectation. However, in 2020 the Company witnessed decline in profits, though it had closed its financial year in positive zone. Again in 2021, the company rebounded astoundingly closing its financial year at a net profit of Rs 855 Million.

## Debt Repayment

As reported in Directors' Report, no default occurred during the year.

# Share Price Sensitivity Analysis

The Shares of Cherat Packaging Limited have been historically viewed as a safe and stable investment, though the recent market recession and weak position of National Economy had a negative influence on the price of the Company's shares. The Share price varied from a minimum of Rs. 117.15 per share to a maximum of Rs 249.28 per share during the year. The Company's impetus towards sustained growth along with signs of stability in macroeconomic factors, may lead to a stable Share price in future. Alternatively, this can be further affected by the following factors:

## Government Policies

Government Policies impact the whole business arena adversely or otherwise. Any positive or negative decision by the Government would impact the Company's financial performance.

## Exchange Gain / Loss

The Company is required to import Kraft paper and Resin from world re-knowned companies round the globe therefore payment has be made in foreign currencies i.e; Euro and USD. The Company suffers exchange gain/loss due to movement of Pak Rupee versus Euro / US Dollar and therefore company's profitability get affected.

## Material Price Sensitivity

The profitability of the Company is highly dependent on raw material prices and sales volume which ultimately also affects the share price. Increase in economic activity will leads to better prices and sales volumes. There are various raw materials which are used in the production either locally procured or imported by the Company. Imported resins are directly influenced by international crude oil prices and hence affect the financial performance of the Company.

## Energy Crisis

The current energy crisis directly impacted the operations of the Company. Continuous hike in energy rates and appreciation of fuel prices affects the financial performance

of the Company, Company has installed, subsequent to the year end, Solar panels as an alternate source of energy. It will result in saving of energy cost.

## Interest Rates

The Company uses debt financing to finance its increased working capital requirements due to expanded operations; moreover, during this year Company had received subsidized loan for disbursements of salaries & wages. Finance cost of the Company reduced due to extra mile support by the Government authorities. Further during the current financial year, reduction in KIBOR directly impacted the financial performance of the Company positively.

## Law & Order

Company's performance is influenced by the political disturbances inside and outside the country. Uncertainty in political conditions and law and order situation have an immediate effect on Company's performance and ultimately on share price.

## Plant Operations

The Company has state-of-the-art production facility especially the Polypropylene Plant and Flexible Packaging which leads to higher production and better production efficiency. The Company believes in providing optimum job satisfaction to workers and staff which minimizes issues at production facilities.

The purpose of the investment in latest plant and machinery is to maximize production output within stipulated time, minimize production wastages, meeting criteria for MNCs standards and certifications and to take care about the health and safety of workers and staff members.

## The Cement and Allied Sector

Although the Company is diversifying its operations, nonetheless, the Company's main business is the production and sale of cement sacks which links it directly to cement sector. Any positive growth in cement industry would directly impact the financial performance of the Company.

## Sensitivity Analysis of Change in Market Capitalization

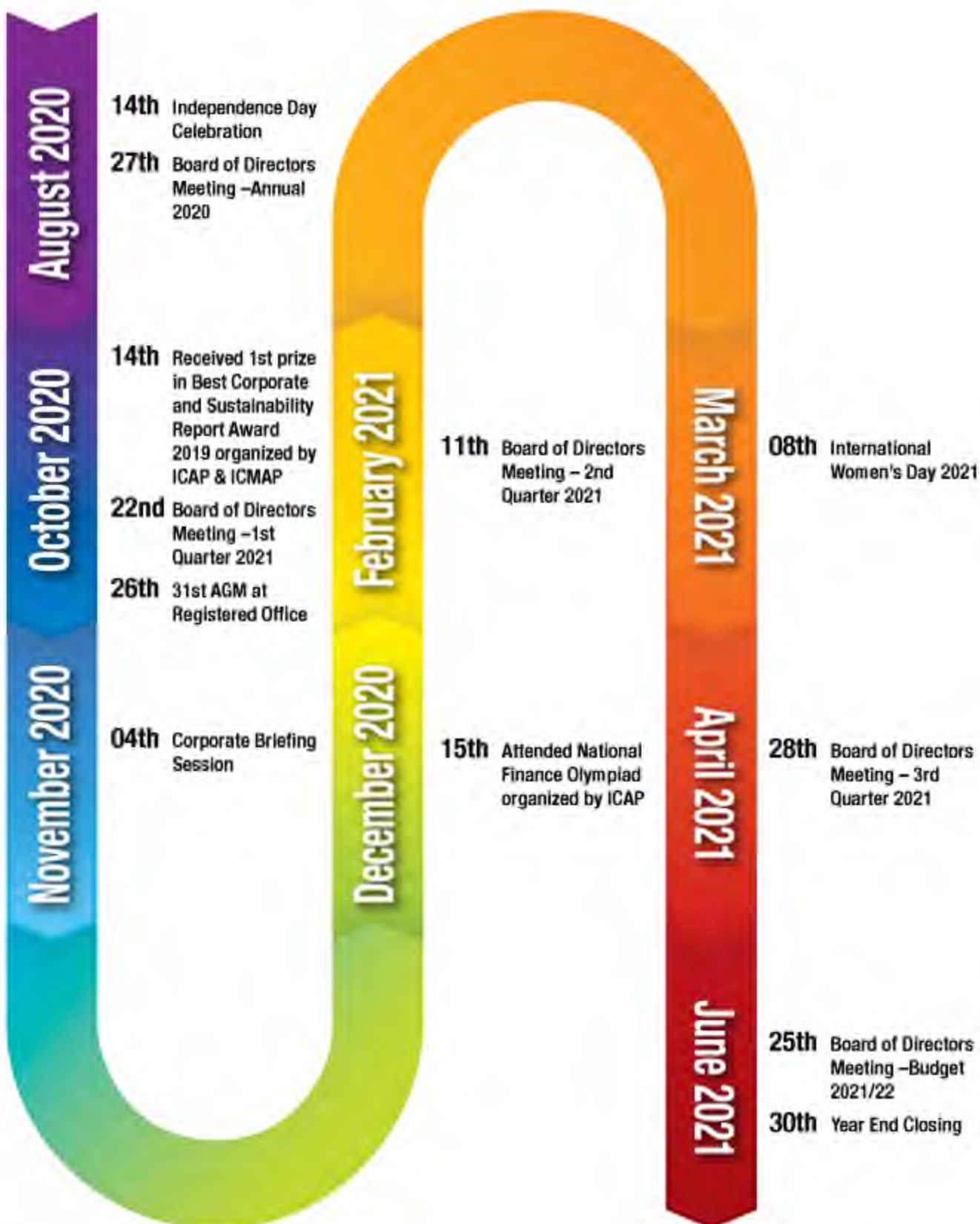
Share Price as of 30.06.2021	Rs. 198.91
Market Capitalization as of 30.06.2021	Rs. 8,457,159,892
Change in Share Price by	
Change in Market Capitalization	
+10%	Rs. 845,715,989
-10%	Rs. (845,715,989)





# Calendar of Notable Events

July 2020 - June 2021







# SAP SuccessFactors Implementation at GFG

An organization cannot lead to success unless it has vital and dedicated human capital. To further support HR processes and help our employees reach new heights of performance elevations, the Company decided to implement SAP SuccessFactors. SAP SuccessFactors is a flexible, global HR solution that supports HR processes and employee self-services for the total workforce. With SAP SuccessFactors, we will enable a more flexible, engaged workforce that can adapt to constant change and achieve peak performance.

## **GFG is implementing SAP SuccessFactors with following objectives:**

- Align HR with corporate strategy to drive growth;
- Attract, identify, and retain top performers and develop future leaders;
- Connect to HR and non-HR applications and processes Solution;
- Robust technology for core HR, talent acquisition, talent management, and people analytics;
- Guided workflows allowing best practices to be melded with integrations to other systems;
- Global HR solutions and best practices;
- Strong partner ecosystem and extensible platform with complementary apps Benefits;
- Address the HR needs with easier app building and integration;
- Make faster, informed decisions based on data-driven insight across HR processes ;
- Boost overall business success by aligning HR to business goals;
- Increase profitability by saving man-hours and achieving efficiency in processes.



# Business Rationale of Major Capital Expenditure

## Growth

Cherat Packaging Limited is a growth-oriented Company. Historically, it grew over the years; especially during last few years Company managed to increase production capacity in existing production facilities and also opened doors in era of packaging of Flexible Packaging material that enabled Company to provide packaging material to FMCGs, Pharmaceutical industries etc. in addition with Cement sacks, Sugar bags, flour bags, rice bags, etc.

## Solar Power Project

In this competitive time, Company is looking to increase its production efficiency. In order to control production cost, Company is installing 0.96 MW Solar panels at its Flexible Packaging Division which is expected to be completed by Aug/ Sep 2021. The Company's decision of installation of alternate source of energy is in compliance with ISO 14000 Environmental management system and said decision will definitely reflect positive impact on Company's financial position in longer run.

## Current Year Expansion

With the increase in demand of PP Bags by multiple industries as demand of Cement, flour, sugar etc. is increasing with the amelioration in economy. In this context, the Company is in process of expanding its PP bags production through installation of state of the art new PP line (PP Line IV) from world renowned German based plant manufacturer i.e. Windmüller & Hölscher at subsidized loan granted by Government. The installation of said line will enhance Company production capacities that will enable Company to meet increasing demand of existing consumers and it will allow company to target new customers. The installation of new PP line will switch Company towards smarter level of production and result in cost saving, due to economies of scale.





## Outlook

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- 143 Financial Projections
- 143 Sources of Information and Assumptions Used for Forecasts
- 143 Company Performance Against Last Year Projections
- 143 Status of Projects

# Forward Looking Statement

The COVID-19 pandemic has disconcerted lives across all countries and negatively affected global economic growth beyond expectations. These concerns are compounded by the emergence of new disease variants and rolling pandemic hot spots. Despite the development of new vaccines and their gradual roll out, many are still wondering what recovery could look like. Vaccination drive in Pakistan is also on the go in search of healthy recovery. Regardless of the measures taken by the Government to subside the COVID-19 impact and to support the economy, the year ahead is expected to remain demanding for the country as the Government presently faces the intimidating task of instigating economic growth without significantly increasing the inflationary pressures. However, local cement demand is expected to continue its present trend in wake of Government packages for construction industry including Naya Pakistan Housing scheme & Special Economic Zones for CPEC. Moreover, delays in the implementation of critical structural reforms due to resurgence of COVID-19 could lead to further fiscal and macroeconomics imbalance which may result in lower PSDP expenditure and hence lower cement consumption may directly impact the Company's sales. Interest rates may also rise which may result in increased financial cost burden on the Company. Consequently, the Company remains cautiously optimistic for the year ahead.

Like other market players of the segments in which company is operating, it is exposed to devaluation of Pakistani rupee and inflationary increase in the cost of raw materials including kraft paper and polypropylene granules due to global shortage. In order to curb the negative impact of this, the company has invested in strategic relationships with its key international suppliers and ensured timely negotiations, pre-orders and timely delivery. Availability of power at competitive rates is also an important factor for the Company. In order to reduce its electricity costs, the Company has, subsequent to the year end, commissioned 0.96 MW solar power panels at its Flexible Packaging Division. Furthermore, the Company is also receiving around 1 MW electricity under Wheeling Regime Energy Purchase Agreement from Pakhtunkhwa Energy Development Organization (PEDO) at a reduced rate than conventional electricity cost since June 2020. The Company is persistently refining its operational efficiencies and utilizing its available resources to counter the current pressure situation and to safeguard interests of all stakeholders.

The Company's philosophy is to grow its business by remaining in control of the developments taking place in the industry. Over the years, the company

has diversified its business by entering into new areas of packaging to align its long-term objective of being a leading player in the field of packaging. Methodical investments in enhancement of production capacities by adding latest available machinery, allow the company to have efficient production facility which makes the products financially viable both for the company and the customers. Alongside, the Company always strives to explore new products through in-house research and discovering novel, improved and cheaper solutions which gives the Company a strategic-edge over its competitive products and also binds the customers in long term relationship. Previously, the Company had successfully introduced 2ply kraft paper bags and lowest grammage PP bags for cement industry. Likewise, the Company successfully converted few Roto based high cost products into Flexo based low cost products as per the customer needs and feedback. The Company is expecting that the FMCG companies will gain benefit from this update. Continuous product development and introduction of new products in different target markets not only helps the company to meet the customer demand for packaging but also helps maintain the company status as the leading supplier of the quality packaging solution for local and international markets.

The Company follows all regulations as they are imposed in Pakistan. The Company is ISO 9001:2015 (Quality Management System), ISO 14001: 2015 (Environment Management System), ISO 45001:2018 (Occupational Health and Safety), FSSC (Food Safety Management Systems), SEDEX (Supplier Ethical Data Exchange), BRC (British Retail Consortium), Halal and PSQCA (Pakistan Standards and Quality Control Authority) certified.

As explained earlier, situation arising out of COVID-19 presents a major challenge due to its ability to impact the demand of local industries and consumers. On the human resource side, the Company has taken appropriate measures including strict implementation of protocols on health and employee safety in wake of the disease. Employees were allowed to work from home to comply with the Government instructions whenever needed. As the management fully supports the Government's stance of vaccination, it ensured that all of its employees get vaccinated. This is to ensure that all staff members remain as safe as possible and impact on business operations is kept as minimal as possible. The Company conducted adequate technical trainings for the identified employees based on the last year's Training Need Analysis (TNA) and performance appraisal of the Company personnel. The same process is followed on

yearly basis. The Company has developed extensive training program for all levels of management. The Company will be conducting these trainings and continue to support its employees in enhancing their professional capabilities in future also which would equip the employees with required technical and management skills in the years to come.

The company management is adroitly monitoring the business needs and is taking all suitable measures to protect the interests of stakeholders.

### Financial Projections

Keeping in view the foregoing, the Company is positive about future prospects and expects to perform well in the ensuing years. The Company expects pressure on local and export markets in view of ongoing COVID-19 crises, which will affect us also. Competition in the local bags sales is also expected to increase which may make the business environment more challenging for the Company. However, the Company foresees to minimize its impact through implementation of lean manufacturing concept and introduction of new and improved bag features. The mark-up rates prevailing at the end of the year are expected to increase a bit during the coming financial year. The Company is expected to have higher revenue from Flexible Packaging Division due to increased expected capacity utilization. Furthermore, the Company expects to achieve higher export due to devaluation of PKR. Future revenue projections based on management's best judgement and estimates are as follows:

	2021/22	2022/23	2023/24
	(Rupees in thousand)		

Revenue	14,365,295	15,286,258	16,649,721
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### Sources of Information and Assumptions Used for Forecasts

The Company produces master budget based on a comprehensive budget drive annually and updates forecast keeping in view market conditions, historical results and outlook. Each department including marketing, production, HR etc. gives input while producing budget and forecast. Information like Customer sales, average sale price, seasonal fluctuations, economic outlook are taken into account while preparing budget for the following year.

For any new ventures, information is gathered from available market research on the anticipated products. If needed, professional services of a consultant are also sought to fine tune the data and underlying assumptions before making a

formal feasibility. The feasibility is then presented to the Board of Directors. Thorough discussion on the practicalities of the assumptions and financial viability of the project is conducted and the results and assumptions are approved. Special attention is paid to avoid the wishful thinking and to make the project payback more realistic.

### Company Performance Against Last Year Projections

The Company anticipated moderate growth keeping in view the impact of ongoing COVID-19 pandemic resulting in lock downs imposed by the Government. However, to combat this emergency caused by COVID-19, the Government and State Bank of Pakistan took a number of measures to help local industries by introducing various relief measures including reduction in discount rates, deferment of long-term loan facility, low rate wage financing scheme and announcement of Construction Package. The above mentioned measures fuelled much needed growth in the construction industry in particular. Being part of the construction industry, the Company also managed to grow its paper and PP bags sales in terms of quantity on the back of increased cement demand during the year and posted an increase of 10.48% in overall Company revenues as compared to the revenue projected in last year. Rationalization in import duty of kraft paper also reduced the cost of production. Further, reduced discount rate also helped the Company in lowering down its financial cost burden. Almost all financial and nonfinancial targets established during last year were met to a greater extent.

### Status of Projects

No major projects were in progress during the year. However, to manage increasing demand in cement, the Company has opened an LC to commission line IV having capacity of 65 Million bags for polypropylene bags manufacturing. For financing, the Company has already negotiated a loan under TERF Scheme offered by SBP carrying subsidized markup rate. Civil works for this line started during the year and is progressing as planned. The project is expected to be commissioned by the end of this calendar year. Although, the Company has already registered its impact in Flexible Packaging market, certain smaller scale developments including enhancement in Flexible Packaging machinery to augment the already installed plant are underway. Viewing the huge product line in different segments, this technological upkeep by the Company is imperative in capturing other annexed markets of Flexible Packaging.



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## Stakeholders' Relationship and Engagement

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and Distribution of Wealth

# Stakeholders' Engagement

The Company has a policy of maintaining relationships based on trust and collaboration with all its stakeholders. Shareholders' Engagement procedure embrace communication, compliance with laws & regulations, customer centric as well as society focused approach.

Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.

## 1. SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders.

Support of shareholders is critical in achieving the Company objectives.

### Investors' Grievance Policy

The Company has an investors' Grievance Policy in place. Any complaints or observations received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited (CDCSRSL) which is a leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the Shareholders in the management of the Company.

## 2. CUSTOMERS AND TRANSPORTERS

Sustaining and developing long term relationships with our customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales and marketing team remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage with our customers and transporters through meetings and market visits and communications.

We derive success from the brand loyalty of Cherat and the cooperation from our transporters.

## 3. SUPPLIERS AND VENDORS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our suppliers and vendors. We believe in strategic relationships and we have strategic alliance with Mondi Packaging, Sabic and Windmoller & Holscher.

Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondences to resolve all queries for on time deliveries.

Cooperation of our suppliers gives us an extra edge over our competitors.

## 4. BANKS AND OTHER LENDERS

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, quarterly financial reporting, Head Office and Site visits are the important means for our engagement with this category of stakeholders.

Bank and other institutes help us in obtaining loans at attractive rates and advise on strategic issues whenever needed.

## 5. REGULATORS

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required.

Active engagement with regulators improves level of compliance.

## 6. EMPLOYEES

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-together, celebrating sports day and team building activities.

Employees engagement improves the level of dedication and hard work.

## 7. INSTITUTIONAL INVESTORS AND ANALYSTS' BRIEFING

Institutional investors regularly obtain general business briefings and financial reports from management. Formal meetings are also arranged whenever needed.

Without compromising the confidentiality, business analysts are provided with information and briefings as and when they require. The strong connection with institutional investors and analysts facilitates in avoiding any misconception / rumours in the market.

The Company arranges briefing with individual institutional investors from time to time. Conference calls with foreign investors were also made to discuss the performance of the company and the cement packaging industry. Corporate Briefing Session was also held.

### 8. CORPORATE BRIEFING SESSIONS

In compliance with PSX requirements, the Company conducted Corporate Briefing Session. The briefing was well attended by analysts, shareholders and potential investors. The Chief Operating Officer (COO) of the Company presented its financial results, analysis, future prospects and challenges. COO also discussed all the queries raised by participants at a great length.



### 9. MEDIA

Ads and campaigns are launched in media based on marketing requirements.

Interaction with media improves the Company's brand image.

### 10. LOCAL COMMUNITY

The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes to various social and charitable causes including health, education and social sectors. During the year the company contributed for health and Safety of the people in its vicinity by joining hands with the Khyber Pakhtunkhwa authority against COVID-19. In the past the Company has worked for the rehabilitation of flood affectees and IDPs. Cherat Packaging has worked with many reputable organizations and NGOs. The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

Further, the Company takes care of people living in its vicinity through regular donations for development of household, education and medical facilities. The management encourages hiring workforce from local vicinity and employment of less privileged and special persons are also considered.

### MINORITY SHAREHOLDERS

The management of the Company believe, encourage and ensure the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the General Meetings and appoint another member as his/her proxy in his/her absence. The notices of General Meetings are circulated by the Company within the regulatory time frames to the registered addresses of the shareholders (including minority shareholders) as well as it is published in Urdu and English newspapers.

### INVESTOR RELATIONS SECTION

To keep transparency in the relationship between the Company and its shareholders, the website of Cherat Packaging Ltd (<http://gfg.com.pk/cpl>) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".

Further, presentation by CEO is also uploaded each year on the website (<https://gfg.com.pk/cpl>).

### AGM PROCEEDINGS

The last AGM was conducted at the registered office of the Company at Betani Arcade Jamrud Road Peshawar on Monday October 26, 2020 at 11:00 a.m. The meeting was properly organized and well attended by the Shareholders. The Shareholders appreciated the untiring efforts made by the management in achieving another remarkable year in terms of production and sales despite of tough economic conditions.

Shareholders raised different questions on the Financial Statements, especially with respect to economic situation and company's future outlook. The questions were answered in detail by the management after which the Financial Statements were approved by the Shareholders.

The Chairman answered the questions of Shareholders. Shareholders posed their confidence in the strategic approach of the Company. Shareholders asked regarding Flexible Packaging performance. They were informed that the Company is approaching various customers aggressively. They were also informed that the loss is decreasing gradually as the Company is gaining further recognition in the Flexible Packaging market.

Shareholders also gave approval for appointment of M/s. EY Ford Rhodes, Chartered Accountants as external Auditors and distribution of cash dividend.

### MATTERS RAISED IN THE LAST AGM

Shareholders, appreciated the Company efforts of closing the Company financial results in a positive zone in the era of pandemic where most Companies suffered losses.

Replying to a query regarding significant decline in profit during the financial year 2020, the management informed that the main cause of reduced profit were high finance cost, sudden deterioration of PKR parity against EURO and USD and low cement demand. However, things are now changing with the introduction of packages announced by the Government and hopeful that the Company will return to better profits.

Responding to a query on power cost, the management updated that in order to reduce its electricity costs, the Company is installing 0.96 MW solar panels at its Flexible Packaging division. Furthermore, the Company has also started receiving around 1MW electricity under Wheeling Regime Energy Purchase Agreement from Pakhtunkhwa Energy Development Organization (PEDO) at a reduced rate since June 2020.

# Statement of Value Addition and Distribution of Wealth

	2021		2020	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Wealth generated</b>				
Net Sales (including Sales Tax)	13,112,436	99.73%	11,002,598	99.80%
Other operating Income	35,669	0.27%	21,631	0.20%
	<b>13,148,105</b>	<b>100.00%</b>	<b>11,024,229</b>	<b>100.00%</b>
<b>Distribution of wealth</b>				
Cost of sales (Excluding employees' remuneration)	8,746,040	66.52%	7,791,188	70.67%
Distribution, Administration and certain other expenses (Excluding employees' remuneration)	168,309	1.28%	193,896	1.76%
Employees' remuneration	771,182	5.86%	587,477	5.33%
Government as direct taxes (including Workers' Welfare Fund)	364,121	2.77%	29,071	0.26%
Government as indirect taxes	1,857,334	14.13%	1,566,405	14.21%
Dividends*	212,535	1.62%	42,507	0.39%
To debt providers	384,772	2.92%	783,503	7.11%
To society as donation	1,255	0.01%	2,454	0.02%
Retained	642,557	4.89%	27,728	0.25%
	<b>13,148,105</b>	<b>100.00%</b>	<b>11,024,229</b>	<b>100.00%</b>

\*Subsequent to year ended June 30, 2021, the Board of Directors in its meeting held on August, 2021 has proposed final cash dividend @ Rs. 4 per share amounting to Rs. 110.02 million (2020 Rs. 1 per share amounting to Rs. 42.607 million) for approval of the members at the Annual General Meeting.



## Distribution of Wealth 2021

Cost of sales (Excluding employees' remuneration)	66.52%
Distribution, Administration and certain other expenses (Excluding employees' remuneration)	1.28%
Employees' remuneration	5.86%
Government as direct taxes (including Workers' Welfare Fund)	2.77%
Government as indirect taxes	14.13%
Dividends*	1.62%
To debt providers	2.92%
To society as donation	0.01%
Retained	4.89%

Distribution of Wealth 2020	
Cost of sales (Excluding employees' remuneration)	70.67%
Distribution, Administration and certain other expenses (Excluding employees' remuneration)	1.76%
Employees' remuneration	5.33%
Government as direct taxes (including Workers' Welfare Fund)	0.26%
Government as indirect taxes	14.21%
Dividends*	0.39%
To debt providers	7.11%
To society as donation	0.02%
Retained	0.25%





## Sustainability and Corporate Social Responsibility

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of Sustainability

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Responsibility

# Highlights of Various Aspects of Sustainability

We remain committed to continuous improvement in Health, Safety and Environment aspects as we expanded our business and production capacities. The Company has always been aware of its responsibility towards the people, environment and climate of Pakistan and has strived to ensure the well being of all.

To fulfill the aforesaid responsibility and to ensure effective systems of monitoring and reporting of necessary compliance with health, safety and environment aspects, the Company has established a dedicated and adequately staffed HSE department. This department of the Company is involved in environmental protection, occupational health and safety, compliance and certain other aspects. HSE Department's objective includes, but is not limited to, prevention of accidents, emergency cases and health issues at work along with environmental protection.

Certifications acquired / to be acquired and international standards adopted

The production facility remained fully compliant with industry standards and safety requirements. For this purpose, the Company has fully adopted and has obtained certification of Total Quality Management (TQM) system (i.e. ISO 9001: 2015). Further, in order to strive towards the continuous improvement in Health, Safety and Environment aspects, the Company has obtained ISO 14001: 2015, ISO 45001:2018, FSSC and Halal certifications. Moreover, to align itself with the industry standards, the Company obtained SEDEX along with the NOC for our chemical tanks from environmental protection agency and BRC (British Retail Consortium).

Company fully complies with regulatory requirements of National Environmental Quality Standards (NEQS). In addition to the aforesaid, the Company also complies with the requirements of Pakistan Standards & Quality Control Authority's standards.

The highlights of the Company's performance, policies, initiatives and plans in place relating to various aspects of sustainability are as follows:

## 1. ECONOMIC

The economic dimension of sustainability concerns the Company's impact on the economic conditions of its stakeholders.

### a. Economic Performance

Cherat Packaging is committed to provide continuous growth and value for all stakeholders. This growth and value can be quantified and assessed accurately through the audited financial statements of the Company and the statement of value addition and its distribution, which are part of this report.

### b. Market Presence

Our Company's presence in the market has significant impacts in terms of employment and business opportunities provided. The Company encourages hiring of workforce from local community at each area of business operations from entry level to the senior management. The Company also gives business opportunities to local transporters and contractors. Moreover, due to expansion / new projects the Company has awarded contracts to local vendors for civil works and other key areas.

### c. Indirect Economic Impacts

Our growth and development means the growth and development of our homeland Pakistan. Additionally, we consider ourselves

responsible corporate citizens, therefore, it is important we monitor and measure our ongoing indirect economic impacts in the wider context. The Company supports in development of infrastructure and other facilities of the country in general and of our factory vicinity in particular.

## 2. ENVIRONMENTAL

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. In order to meet this purpose, we have acquired most advanced technology plant which controls industrial waste at lowest levels. Further, to improve the environment, natural tree plantation has been done in the factory premises.



Moreover, the Company maintains and continually improves its environmental management systems and complies with requirements as outlined by specific markets or local regulations. Further, the Company operates in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development and promotion of environmental responsibility amongst its employees. Furthermore, as discussed above, the Company fully complies with the regulatory requirements of NEQS.

The highlights of the Company's performance, policies, initiatives and plans in place relating to certain aspects of this dimension of sustainability are as follows:

**a. Energy**

Energy is an important component of our production process and the energy crisis may directly impact the operations of the Company. Therefore, efficient energy usage is not only vital in terms of the environment, but also because it can provide the Company a competitive edge in terms of cost factors.

For this purpose and being a responsible corporate citizen, the Company initiated a program to conserve energy. In this regard, the Company has installed low powered highly efficient Light Emitting Diode (LED) lights at all its locations. Further, the Company has devised a production plan in order to use its production facility efficiently with lesser energy usage. Moreover, Subsequent to year end, the Company has completed the commissioning of 0.96 MW solar power project. These solar panels would help to produce green energy.



In addition to this, the Company has also acquired energy from Pakhtunkhwa Energy Development Organization (PEDO) in order to obtain hydro power which will also help us in usage of green energy. Furthermore, the

energy is conserved by the addition of the most modern, state-of-the-art machinery, which also results production of quality products in the most efficient and effective manner. In addition to the above, in order to conserve energy, the management of the Company strives to keep production wastage to a minimum level and productivity at the highest level.



**b. Products**

The Company is mainly engaged in manufacturing, marketing and sale of products that are reusable and recyclable; and, accordingly, have little or no impact over environment. For Flexi Products Company is always in touch with raw material and machine suppliers to introduce environmental friendly products.



**c. Emissions**

Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. The Company is in full compliance with Regulation. All of our emission parameters monitored from manufacturing process are well below their respective limits as specified in NEQS.



#### d. Effluents and Waste

As a manufacturing concern, this is an important topic as it has an impact not only on our own operations, but also on local communities where waste is generated and disposed of. Accordingly, the Company has invested in a high quality plant technology to avoid industrial waste and to control industrial effluents. Although the industrial effluents are on a very low side in this industry, management is fully aware of its responsibilities in this regard and related policies are already in place. Employees are given proper training to minimize the wastage.

Further, the Company has invested in the state-of-the-art Solvents Re-cycling machine which enables it to recycle the chemicals/solvents and reuse the material instead of disposing it as a waste. Moreover, solid chemical waste are disposed off to EPA (Environmental Protection Agency) approved vendors which in turn will ensure safe disposal of waste and would ultimately minimize harmful impacts on the environment. The Company also continuously monitors discharge level of waste water and performs lab tests on it to ascertain the environmental impact.

#### e. Transport

Our products are transported to the customers through heavy trucks. The Company is cognizant of the fact that these trucks could have impact on surroundings as small mishaps can lead to heavy accidents. In order to mitigate this risk, the Company has adopted measures for safe transportation i.e. quantity-wise trucks are being used in order to avoid over or under loading. Truck's capacity is effectively utilized due to which risk of accidents resulting from overloading is avoided and it also helps company economically.



#### f. Quality Management

The Company is committed to the manufacturing of high quality packaging materials. Our manufacturing facilities are accredited to Quality Management System ISO 9001:2015. The consistency of performance of our products is vital for our customers so the raw materials, intermediate and final products are regularly tested as part of the whole production process.

#### o. Quality Management Procedures

Our Quality Management procedures include:



#### Papersack Division (PSD)

Our Quality Management process includes Testing from Raw Material to final inspection up to pre-delivery stage of papersacks. This generally includes:

- Strength Properties Analysis of Kraftpaper.
- Inspection of Printing Inks to ensure Customer's approved Colour Shades.
- Arrangements and Inspection of Polymer Stereo as per customers approved Artworks.
- Preparation and Inspection of Glue through Mixture of 02 Starches of different grades.
- In-Process inspection at different stages of Tubes & Bags manufacturing.
- Final Inspection of Bags Including Drop Testing and Bales packing Quality Checks and moisture content before packing of bales.
- Hourly sampling and testing at each stage.
- Counting of Bags on Machines / Pallets / Bailing Process and cross checking after packing.

### **Polypropylene Division (PPD)**

Our Quality Management includes Monitoring and Testing of whole manufacturing process of Polypropylene (PP) sacks at 06 different stages, from printing to pre-delivery stage. This generally includes:

- Different Quality Tests of Tape at Extrusion line including Denier, Tenacity, and Elongation etc.
- Inspection of Fabric Rolls for size, density and strength while running on Looms in weaving Section.
- Inspection of Lamination Process on Coating Line for GSM.
- Arrangements and Inspection of Polymer Sterios as per customers' approved Artworks.
- Inspection of Printing Inks for Color and Viscosity on receipt and inspection of Printed Fabric.
- In-Process inspection on Convertex and Auto cutting machines during Bags manufacturing.
- Final Inspection of Bags Including Air Permeability, Dimensions, welding and Bales packing Quality.
- Counting of Bags on Machines / Pallets / Bailing Process and cross checking after packing.

### **Flexible Packaging Division**

Our Quality Management includes Monitoring and Testing of Flexible Packaging materials at all stages, from printing to pre delivery stage. This generally includes:

- Performance of various Quality Tests on all types of incoming local and imported Films including GSM, Thickness, Seal temperature, Seal strength, Co-efficient of friction (COF) and Dyne Level etc.
- Performance of viscosity test on all types of incoming inks and adhesives.
- Moisture and purity level tests on all types of incoming solvents.
- In-process inspection at printing, lamination and slitting stages of flexible packaging material manufacturing.

### **o In-house Quality Control Laboratory**

The key to comprehensive quality control is the use of an in-house laboratory. Having an in-house, state-of-the-art laboratory is absolutely necessary to manufacture superior quality products. Our Quality Control laboratory is a primary component to achieve our mission of maintaining strict control over every aspect of manufacture. Quality is an integral part of our ISO 9001:2015 certification.

Our in-house laboratory allows for timely, accurate, cost-effective testing that ensures every product, from raw material to finished goods, meets all quality requirements. Our products are tested before being released for sale. Such stringent attention to quality control is extremely difficult to accomplish without a state-of-the-art, in-house laboratory.



### **3. SOCIAL**

The social dimension of sustainability concerns the impacts the Company has on the social systems within which it operates. The highlights of the Company's performance, policies, initiatives and plans in place relating to certain aspects of this dimension are as follows:

#### **a. Employment**

The Company has given tremendous employment opportunities through continuous expansion of business / production lines and new projects. New employment opportunities are provided to local people from Gadoon Amazai, Peshawar, Lahore, Islamabad and Karachi. Additionally, a number of factory workers have been hired from nearby villages and hamlets, thereby creating good employment opportunities for the locals.

The Company is recognized among top employers due to its excellent employee benefits. Following benefits are provided to full-time permanent employees:

- Health care
- Life insurance
- Education assistance
- Furniture facility
- Leave fare assistance
- Provident fund
- Gratuity
- Earned leaves
- Company maintained vehicles; and
- Others.

#### **b. Industrial Relations**

We maintain excellent relations with our employees & labour and the Company takes every reasonable step for swift and amicable resolution of all their issues. The Company also inducts apprentices in its Apprenticeship Program through which graduates from reputable institutions are regularly inducted. A management trainee program is also in place to meet the future requirements.

#### **c. Occupational Health and Safety**

We manage and utilize resources and operations in such a way that the safety and health of our people is ensured. We believe our safety and health responsibilities extend beyond protection and enhancement of our own facilities. We have dedicated safety staff at our plant.



At Cherat Packaging, Health and Safety is the first and foremost agenda topic for our each in-house and higher management meetings. The Company has made safety manual containing policies and procedures. Moreover, a mechanism is in place for

visitors and third parties through which full compliance with safety measures is ensured. In addition, Health and Safety concerns are explicitly included in SMART goals of head of departments and senior management of plant.

Hundred percent compliance with policy programmes resulted in the conclusion of the year with no reportable occupational illness. These programmes include the regular testing of plant equipment and sites from a health perspective, as well as monitoring of employee health. Additionally, health awareness sessions on basic lifesaving techniques, medical emergency handling and first aid were conducted during the year.

Our production lines achieved the whole year without any major injury. Reported injury case if happen, is thoroughly investigated by trained personnel and findings are subsequently circulated Company wide. Once investigations are completed, actions and recommendations are assigned to individuals with a strict follow-up system put in place to avoid any recurrence.

#### **o Health & Safety training**

Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protection Equipments which is monitored at regular intervals. Workers are also trained by theoretical explanations and practical drills to handle unforeseen emergencies. Regular mock drills are also carried out to familiarize everyone with the steps and procedure to follow in emergency situations. Mock drills of chemical spillage, firefighting, evacuation, casualty handling and security are also conducted. Moreover, safety audits are also conducted on regular basis. Further, daily toolbox discussions are also conducted in the factory on various topics including workplace hazards and safe work practices.

#### **o Firefighting Equipment**

In order to strive towards creating a safe working environment, the Company, inter alia, has made multi million rupees investment to install firefighting equipments. These equipments include state of the art fire detection system, CO2 Suppression System and General fire system (including fire pump, fire sprinklers & valves, hydrant valves, portable fire extinguisher, fire hose, etc.).



To deal with the fire resulted due to hazardous chemicals, the company has also made investment in International Standards conforming Foam System (including inductors and allied equipment) keeping in view the business requirements

The aforementioned investment will not only help the Company on continuity of its operations and safety of its materials / equipments but more importantly it will also ensure the safety of its workforce. Firefighting equipment is checked on regular basis to ensure its proper functioning.

**o Safe working environment**

The Company believes that it is imperative to provide its workforce with the congenial, healthy and safe working environment which includes, but is not limited to, provision of clean drinking water and healthy subsidized food.

The Company, in order to create a safe working environment, is also fulfilling all regulatory requirements in respect of handling and storage of hazardous chemicals which includes preparation of proper / safe storage area and obtainment of necessary licenses. As discussed above, International Standards conforming Foam System is also in place for fire resulted due to hazardous chemicals.

Further, in order to achieve aforesaid purpose, the Company has adequately placed safety signboards at all important visible places. These safety signboards include road traffic signs in order to regulate traffic in the factory premises, signs to remind workforce of using and wearing safety equipments, fire safety signs, etc.

**o Safe Men Hours**

Production facilities ensure safety of employees through adherence of strict policies and procedures on health and safety.

A proper record of safe men-hours is maintained. Any minor issues are handled by in-house dispensary.



**d. Training and Education**

The training, education and development of our people are topics of critical importance to us. The Company hires energetic, talented, and motivated human resources and provides them a congenial and healthy working environment to utilize their capabilities efficiently. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets. The Company has in place a Performance Review Process in order to recognize employees' contribution and reward them according to their performances.

Moreover, Training Need Analysis (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. The Company offers education assistance plan to nurture growth and encourage professional education of employees. The education assistance program not only equips employees with improved academics and technical knowledge but also provides the Company with rightly equipped human resource to face the new challenges offered by expansions, diversifications and business growth. Further, eligible employees receive Service Awards based on their performance

and length of service. The management's objective is to recognize and reward employees' contribution to the business. This process helps the availability of high quality workforce which plays a vital role in achieving day-to-day targets and tactical and strategic objectives of the Company.



**e. Equal Opportunity and Non-discrimination**

The Company is committed in promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

**f. Child Labour**

The Company has strict policy over prohibition of child labour. No child has ever been employed by the Company and the same policy will go in future.

**g. Forced or Compulsory Labour**

The Company believes in free working environment; no employed worker is forced or compulsory labour.

**h. Grievance Mechanism**

The Company is committed to provide every opportunity to employees for redress of valid grievances (arising from work related issues). The management does not discriminate against any employee who elects to use the grievance procedure.

The purpose of this policy is to encourage healthy relationship between employees in order to ensure smooth running of the business.

**i. Consumer Protection Measures**

The Company ensures that the packaging material is packed and dispatched to its consumers in a safe manner. It also complies with all safety standards and industrial requirements. The Company ensures that the customers get best value for money.

**j. Business Ethics and Anti-Corruption Measures**

The Company is fully committed to promoting the highest standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism. Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation.

**k. Local Communities**

We strive for the development of communities surrounding us. Investment in the communities we operate in, and near vicinities, are strong focus for the Company. Further details on this topic are presented under the next section "Highlights of Corporate Social Responsibility".

Following other aspects of sustainability have been discussed under the topic "Code of Conduct":

- Compliance with the law;
- Competition and Anti-trust law; and
- Protection and Information Security.

**• HSE Management Systems:**

Tools that help an organization continually improve its health, safety and environmental performance contain organizational elements that follow a continuous cycle of planning, implementing, checking, and improving. Our workforce is routinely updated about occupational health, safety and environment concerns through a continuous process of training and coaching at different levels. To enhance safety awareness and to build a culture of continuous improvement in personal and process safety, a comprehensive communication structure has been established such as daily, weekly and monthly safety reviews.

Safety measures at the Company have been taken according to the work environment (by

conducting risk assessment) at our plants and the corporate offices. At all offices of the Company, safety is everybody's responsibility therefore every area/ functional head is the owner of safety practices under the umbrella of HSE principles. The operation teams at all locations collaborate in implementation of HSE policies and procedures. To sustain HSE awareness and to build a culture of continuous improvement in personal and process safety, different committees at appropriate levels are formed and periodic reviews are regularly carried out.

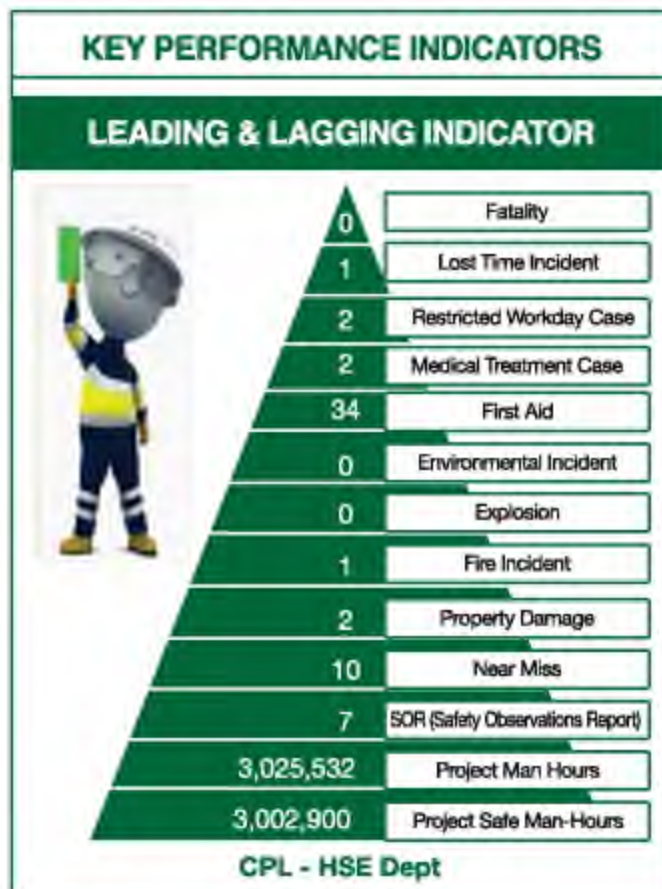
**HSE department works day in and out in different areas/ functions of the Company. Following are the key highlights:**

- Monthly Inspections
- Trainings & Awareness Sessions
- Emergency drills on different Scenarios
- Compliance of Permit to Work
- Ambulance Operations handling community emergencies (CSR)
- Monitoring & Compliance of Site Procedures during Ongoing Projects
- Awareness & Compliance monitoring of COVID-19 SOPs

**A summary of awareness sessions conducted during the year are presented below:**

### AWARENESS / PREPAREDNESS

Quarter	Sessions Conducted	Topics / Scenarios
First	14	First Aid, Chemical safety Electrical safety, Work at height protocols ERT training, Permit to work, Firefighting, Fire emergency procedure and Hot work. Fire Emergency drill was exercised
Second	14	Hot work , Emergency response plan Compressed cylinders safety Forklift operations, Firefighting Risk assessment, MEDEVAC Drill was exercised
Third	17	First Aid, Chemical safety Electrical safety, Work at height protocols ERT training, Permit to work, Work at height, Firefighting PPEs and full body harness. Fire Hydrant Operations drill was exercised
Fourth	10	Hot work, Emergency response plan Compressed cylinders safety Forklift operations, Firefighting Risk assessment, Machine safety Supervisory and behavior training Fire Emergency FPD, Evacuation drill was exercised



# Pandemic Recovery Plan



COVID-19 is a global pandemic, which has affected the whole world and Pakistan is not an exception. Business and economic environment are severely adversely affected due to intermittent lock downs during the year. In response to these challenging situation, the Company developed Pandemic Recovery Plan to cater COVID-19.

Pandemic Recovery Plan (PRP) is different to some extent from traditional disaster recovery and business continuity plans. The latter plans are more focused on technology while the former one is more concerned with human capital. The PRP more focuses on identifying critical business operations and identify needed human capital for smooth operations. CPL offices and factory implemented work place control measures to safeguard employees against spread of the virus. These measures include compulsory mask usage, hand sanitizers and temperature check on work place entry points.

The Company developed PRP by focusing preventive measures and response measures. Key elements of these measures are mentioned hereunder, which aim at restoring economic viability under stress situation.

## PREVENTIVE MEASURES

### A. Awareness

One of the most essential element of pandemic preparedness is ensuring that employees are educated on the fact, and safety measures that are required to be followed to prevent local transmission. Employees must also be aware of the Company's response, SOPs and strategies during pandemic period to mitigate any adverse effect on the Company's critical operations.

### B. Specific Preventive Measures

Every possible step was taken for the health and safety of our employees at Head Office, Sales Offices and factory Site. The identified Basic Protective Measures were effective against Pandemic. The Company implemented these measures during COVID-19 response:



- Vaccination drive at factory in compliance with Government guidelines to ensure that all the employees including contractual staff is vaccinated.
- Ensuring PCR COVID testing of all employees having any symptoms or were in close contact with the positive cases. Cost of these test were fully reimbursed by the Company.
- Ensuring fully paid leaves to affected employees.
- Develop other flexible policies for scheduling and telework and adjust leave policies to allow employees to stay home;
- Provide disinfectant at business premises;
- Checking of visitors and employees at all entry and exit points of all workplaces;

- Intensify e-meetings and teleworking;
- Install disinfectant dispensers in the workplace;
- Placement of panaflex, sign boards, etc at visible locations to discourage employees/clients who are ill from entering the workplace/business setting;
- Reinforce standard practices to maintain social distancing, such as avoiding greetings like handshakes;
- Restrict number of employees at workplace to practice social distancing;
- Restricting traveling within Head Office, Sales Offices and Factory Site;
- Promote and facilitate 'respiratory hygiene';
- Oblige the clean desk policy.

#### RESPONSE MEASURES

##### C. Formation of COVID Response Team (CRT)

The Company formed a separate COVID Response Team. The team includes key management personnel from all departments. Key function of the team is to develop organization response, provide guidance, and monitor pandemic response implementation.

##### D. Cross Training

The Company fosters cross training of employees to ensure that business functions can be performed in the absence of essential personnel for the successful continuance of operations. Cross training processes protects against single point of failure in knowledge in the event that the only person trained to perform a task is unavailable.

##### E. Remote Working

Planning for personnel to work from home can be an option during a pandemic episode. However, it is important that this recovery solution is thoroughly tested to ensure its viability. Several measures are integrated and implemented with

respect to employees working environment including appropriate tools for users to work successfully from home and enough bandwidth to adequately support the number of remote users that may be necessary during different situations.

##### F. Critical Suppliers and Vendors

It is also important to remember that a pandemic outbreak could be widespread and not just affect a single business – third party providers on which the Company depends on for goods and services could also be affected. Therefore, incorporating backup plans for key suppliers and vendors must be a part of planning.

##### G. Communication

It is necessary to ensure that critical information can be exchanged so employees are kept abreast of any developments or changes in requirements as the situation progresses. We ensure that our organization has incorporated these focus areas into its planning and it assist in preparedness to





# Highlights of Corporate Social Responsibility



The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health, education and social sectors. In the past the Company has worked for the rehabilitation of flood affectees and IDPs. Cherat Packaging has worked with many reputable organizations and NGOs. The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

## a. Community Investment & Welfare Schemes

The Company invests in community and welfare schemes through donations to education and health sectors.

## b. Ambulance Service

Keeping in view the needs of local community and staff members, the Company is maintaining an Ambulance service for ease of transportation of patients to Hospitals. The Ambulance is fully equipped with necessary medical equipment and is accompanied with qualified paramedic staff. Moreover, a help line service is operational in order to make it more reachable.

## c. National Cause Donations

The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so. The Company has donated generously in the past for the flood victims and IDPs.

During COVID-19, the Company distributed ration supply to local community in collaboration with KPK authorities.

## d. Details of Charity Account

The Company makes donations to support less privileged people of the society. Over the years, the

main focus of the Company is to donate for education and health. The company has been donating and working with many reputable organizations and NGOs in Pakistan like The Aga Khan University and The Citizens Foundation.

## e. Educational awareness session at ICAP

As a part of educational development, Company's Chief Operating Officer & CFO delivered lecture at ICAP's seminar for passing out students in order to enhance their morale and to motivate them.



## f. Rural Development Programs & Employment of Special Persons

The Company takes care of people living in its vicinity through regular donations for development of household, education and medical facilities. As discussed above, the management encourages hiring workforce from local vicinity and employment of less privileged and special persons are also considered.

## g. Ration Drive

The Company has a legacy of donating ration for flood, earthquake victims & IDPs. Similarly during COVID-19, the Company distributed ration to the needy people of its locality and its staff.



## Striving for Excellence in Corporate Reporting

- 162 Statement of Unreserved  
Compliance of International  
Financial Reporting Standards  
(IFRSs) Issued by International  
Accounting Standard Board  
(IASB)
- 162 Adoption of Islamic Financial  
Accounting Standards (IFAS)
- 162 Ratios in respect of Companies  
listed on the Islamic indices
- 163 Adoption and Statement of  
Adherence with the International  
Integrated Reporting Framework

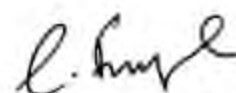
# Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Cherat Packaging Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

However, SECP has not notified adoption of following IFRS:

Standards	IASB effective date (annual periods beginning on or after)
IFRS 1 - First Time Adoption of IFRSs	01 January 2004
IFRS 17 - Insurance Contracts	01 January 2023

In addition to this, note 2.3.2 to the financial statement specify few standards and interpretations which are yet to be effective in Pakistan. The Company believes that that the impact of the above standards and those referred in note 2.3.2 does not have any material impact to the financial statements.



Amer Faruque  
Chief Executive

Karachi: August 24, 2021

## Adoption of Islamic Financial Accounting Standards (IFAS)

The Company fully complied with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017

## Ratios in respect of Companies listed on the Islamic indices

Ratios	Unit	2021	2020
Loan on interest to market capitalization	%	38.41	72.59
Interest-taking deposits to market capitalization	%	0.02	0.06
Income generated from prohibited component to total income	%	0.06	0.57
Net liquid assets per share to market value per share	%	27.32	34.97

# Adoption and Statement of Adherence with the International Integrated Reporting Framework

## Overview:

This annual report (report) of the Cherat Packaging Limited (Company) has been prepared in guidelines of the International Integrated Reporting (IR) framework and the Global Reporting Initiative (GRI) Standards. The report is aim to provide its stakeholders a quality, concise and transparent briefing of the Company's ability, position and expertise to create sustainable value, which is vital for its position, performance and reporting capabilities. Since then the Company has adapted its structure in response to global changes and development, the Company advanced its management processes.

Management of the Company is following the spirit of adhering to the best corporate and governance practices. The management is also committed to achieve excellence in all aspects of transparent reporting. The Company also achieved good stage of compliance. The Company also considers the importance and strengthening of this report in terms of information connectivity and demonstration of results impact regarding various capital employed.

## Business operations:

The Company is engaged in manufacturing, marketing and sale of cement bags and Flexible Packaging material. The data and information presented in this report pertains to its plants, marketing offices and head office.

## Objectives and Contents:

The contents of this report are based on Company's engagement with its stakeholders, IR framework and GRI Standards sustainability and to provide quality information of interest of various group of stakeholders of impacts of activities on economy, market, environment and society as well as long-term sustainability of the Company's business.

It is imperative to ensure that the material is being presented in such a way that it enables the stakeholders to better understand these activities. The business strategy information has been linked directly to business activities and non-financial information.

## Methodologies:

In compilation of data basic scientific measurements, mathematical calculation methods, accounting principles, actual basis and other different logical

methodologies used. The Company makes every effort to ensure the accuracy of the sustainability as well as the information being provided.

## Role of the Board:

The Board of Directors (the Board) has crucial role, since directors are elected by shareholders and IR framework is a mechanism of ensuring long-term value creation and increasing transparency. The IR framework requires involvement and support of the Board and Chief Executive.

Henceforth, the Management of the Company is guided to achieve Company objectives by advising, assessing, and monitoring the business strategies and ensuring the execution and modification of these activities.

## Role of Management:

The Management has laid the business foundation built on the principles of ethics and corporate professionalism. The same is being developed by devising and disseminating procedural steps and policies thereby highlighting need of good governance and resource allocation in achieving the desired objectives.

## Financial and Non-Financial Information:

The report also includes both financial and non-financial information about the Company's brand, financial structure, operations, performance, insight, risks & opportunities and outcome attributable to the value creation ability.

The Company has adopted the IR framework to give an overview of the Company's business affairs and philosophy by connecting and presenting the financial and non-financial information considering the varied interests of stakeholders.

The forward-looking statement explains the future challenges and how the Company plans to address these.

## Connectivity, Monitoring and Control:

The Company's reporting is monitored and ensure that the relevant information is shared in the most suited way for the stakeholders. Connectivity of the information is another aspect which needs to be addressed properly.

Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures.

**Other factors:**

This report also includes other factors, which challenged the economic performance of the Company.

The Company also provides an overview of Health, Safety and Environment (HSE) to its stakeholders and addresses complaints and grievances. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is the Company's core strength.

The analysis and conclusions presented in this report demonstrates various factors that have been taken into account and the management is taking measures to increase the resiliency of the business and its operations.

**Users:**

This report intended to address the needs of users, investors, stakeholders, suppliers, employee, regulators and society to provide view of value

creation potential taking into account risks and opportunities. The Company believes that to the stakeholders provide better understanding of its business strategies, opportunities & risks, business model, governance, performance which creates value to the Company and its shareholders. The Company shall continue to improve the information produced to make it even easier to understand.

**Materiality:**

The report includes the information relevant for its stakeholders to make decisions on the organization's economic, social and environmental performance.

**Reporting period:**

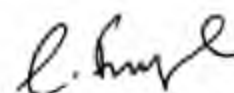
This report of the Company is published annually and covers period beginning from July 01, 2020 till June 30, 2021.

**Our Report:**

This report of the Company has included following content elements for the users of this report:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Stakeholders' relationship and engagement
- Sustainability and corporate social responsibility
- Striving for Excellence in corporate reporting

Karachi: August 24, 2021



**Amer Faruque**  
Chief Executive



# Glossary of Terms

Annual General Meeting (AGM)	A mandatory, yearly gathering of a publicly traded Company's executives, directors and interested shareholders.
BCR	Best Corporate Report
BMD	Bag Manufacturing Division
BRC	British Retail Consortium
CDC	Central Depository Company
COVID-19	COVID is a disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease.
CPEC	China Pakistan Economic Corridor
CPL	Cherat Packaging Limited
Debt	An amount owed for funds borrowed.
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization.
EMS	Environmental Management System
EPS	Earnings Per Share
FCF	Free Cash Flow
FMCG	Fast Moving Consumer Goods
FPD	Flexible Packaging Division
HSE	Health, Safety, and Environment
IAS	International Accounting Standards (Accounting standards of the IASB)
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
KIBOR	Karachi Inter Bank Offer Rate.
KPK	Khyber Pakhtunkhwa
PACRA	Pakistan Credit Rating Agency
PARITY	The exchange rate between the currencies of two countries
PEDO	Pakhtunkhwa Energy Development Organization
Principal	In commercial law, the principal is the amount that is received, in the case of a loan, or the amount from which flows the interest.
PRP	Pandemic Recovery Plan
PSDP	Public Sector Development Program
PSQCA	Pakistan Standard and Quality Control Authority
Security	A pledge made to secure the performance of a contract or the fulfilment of an obligation.
SEDEX	Supplier Ethical Data Exchange
Shariah-Compliant Finance/Banking	Facility which meets all of the requirements of Shariah law and the principles articulated for "Islamic Finance".
SOP	Standard Operating Procedure
Spread	Rate charged by the bank over KIBOR.
Term	The maturity or length of time until final repayment on a loan, bond, sale or other contractual obligation.
WACC	Weighted Average Cost of Capital
Working Capital	Current assets minus current liabilities.

# BCR Criteria Index

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2021	Reference
1	<b>OPERATIONAL OVERSIGHT AND BUSINESS ENVIRONMENT</b> What does the organization do and circumstances under which it operates	
1.01	Principal business activities and markets local and international including key brands, products and services	15, 38-41, 39, 151, 181
1.02	Geographical location and address of all business units including sales units and plants	29, 38, 36, 181
1.03	Mission, vision, code of conduct, culture, ethics and values	17, 19, 21, 23, 25
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company	26-27
1.05	Organization chart indicating functional and administrative reporting, presented with legends	35-37
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes)	48-49
1.07	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees)	48-49, 216
1.08	Position of the reporting organization within the value chain drawing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation)	40-41
1.09	Significant factors effecting the external environment and the associated organization's response (external environment includes commercial, political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales	42-43
1.10	Significant changes from prior years (regarding the information disclosed in this section)	44
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations	44
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry)	46-47
2	<b>STRATEGY AND RESOURCE ALLOCATION</b> Where does the organization want to go and how does it intend to get there	
2.01	Short, medium and long term strategic objectives	52
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives	52
2.03	Resource allocation plans to implement the strategy and financial capital structure. (Resource mean CAPITALS including financial capital (e.g. liquidity, cash flows, financing arrangements); human capital, manufactured capital (e.g. building, equipment, infrastructure), Intellectual capital (e.g. patents, copyrights, software, licenses, knowledge, system, procedures), social and relationship capital and natural capital)	53
2.04	The effect of technological change, societal issues such as population and demographic changes, human rights, health, poverty, collective values and educational systems; environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation	55
2.05	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	57
2.06	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future	108-109
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses	54
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	54
2.09	Significant changes in objectives and strategies from prior years	54
3	<b>RISKS AND OPPORTUNITIES</b> Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them	
3.01	Key risks and opportunities affecting availability, quality and affordability of CAPITALS in the short, medium and long term	
3.02	Description of the Risk Management Framework including risk management methodology	
3.03	Sources of risks and opportunities (internal and external)	
3.04	The initiatives taken by the company in promoting and enabling innovation	
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does	60-64
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs	
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies	
3.08	A statement from the board of directors that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity	79
3.09	Inadequacy in the capital structure and plans to address such inadequacy	80
4	<b>GOVERNANCE</b> How does the organization's governance structure support its ability to create value in the short, medium and long term	
4.01	Board composition: a) Leadership, structure of those charged with governance b) Name of independent directors indicating justification for their independence c) Profile of each director including education, experience and involvement / engagement of in other entities as CEO, Director, CFO or Trustee etc.	35-36, 78, 29 78, 82 71-73
4.02	Review Report by the Chairman of the company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives	75
4.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management	81
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members of the Shariah Board	N/A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman	78, 81
4.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years	78, 81
4.07	Details of formal orientation courses for directors	81
4.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year	81, 86
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems	79, 104
4.10	a) Policy for remuneration to non-executive directors including independent directors b) Policy of retention of board fee by the executive director earned by him against his services as non-executive director in other companies	78, 91
4.11	Policy for security clearance of foreign directors	N/A
4.12	How the organization's implemented governance practices exceeding legal requirements	81



S.No.	Framework for Annual Reporting Best Corporate Report Awards 2021	Reference
4.13	Board's policy on diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	94
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	71-72, 82
4.15	a) Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding. b) Contract or arrangement with the related party other than in the ordinary course of business, or on an arm's length basis, if any along with the justification for entering into such contract or arrangement. c) Approved policy for related party transactions including policy for disclosure of interest by directors in this regard.	26-27, 91-95, 213, 214, 217
4.16	Details of board meetings held outside Pakistan during the year.	82
4.17	Disclosure of policy for actual and perceived conflicts of interest relating to members of the board of directors and a disclosure that how such a conflict is managed and monitored.	87
4.18	Investors' grievance policy.	94
4.19	Policy for safety records of the company.	86
4.20	Disclosure of IT Governance Policy.	83
4.21	Disclosure of Whistle blowing policy established to receive, handle complaints in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	88
4.22	Human resource management policies including preparation of a succession plan.	85
4.23	Social and environmental responsibility policy.	84
4.24	Review by the board of the organization's business continuity plan or disaster recovery plan.	94, 96
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	26-27, 217
4.26	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	78, 97-98
4.27	A brief description about role of the Chairman and the CEO.	100-101
4.28	Shares held by Sponsors / Directors / Executives.	217
4.29	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	102-103
4.30	Timely Communication Date of authentication of financial statements by the board of directors within 40 days — 6 marks within 60 days — 3 marks (Entities requiring approval from a Regulator before finalization of their Financial Statements would be provided a 20 days relaxation, on providing evidence to the Committee).	216
4.31	Audit Committee Report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate" and all members are non-executive / independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, and information on the length of tenure of the current statutory auditor, and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee re-appoints external auditor other than the retiring external auditor, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	104
4.32	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.	147
4.33	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	NA
4.34	Chairman's significant commitments and any change thereto.	81
4.35	Disclosure about the Government of Pakistan policies related to company's business/best in Directors' Report and their impact on the company business and performance.	77-80
4.36	Pandemic Recovery Plan by the management and policy statement.	150-159
5	<b>PERFORMANCE AND POSITION</b>	
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5.02	Analysis of financial statements: a) Financial Ratios (Refer Annexure 'I') b) DuPont Analysis c) Free Cash Flow d) Economic Value Added (EVA)	113-117 118-119 120 121
5.03	Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 5 years.	122-129

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2021	Reference
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5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above.	115-118, 116-121, 128-130
5.06	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed as per 5.02, 5.03 and 5.04 above.	114, 116-121, 126, 127, 131, 134
5.07	Information about defaults in payment of any debts and reserves (if any) during the period.	134
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5.12	History of major events during the year.	136-137
5.13	Business rationale of major capital expenditure / projects during the year and for those planned for next year.	140
5.14	Final description and reasons: a) For not declaring dividend despite earning profits and future prospects of dividend b) Where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	107
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / web link on company's annual report).	147
6	<b>OPERATIONS</b> Challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance.	
6.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the entity's resources, revenues and operations in the short, medium and long term. Also explaining the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	142-143
6.02	Explanation as to how the performance of the entity meets the forward looking disclosure made in the previous year.	143
6.03	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	143
6.04	Source of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	143
6.05	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	142
7	<b>STAKEHOLDER RELATIONSHIP AND ENGAGEMENT</b> State of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests.	
7.01	How the company has identified its stakeholders.	146-147
7.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the entity, and how these relationships are managed. These engagements may be with: a) Institutional investors b) Customers & suppliers c) Banks and other lenders d) Media e) Regulators f) Local committees and g) Analysts.	146-147
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7.04	Investors' Relations' action on the corporate website.	147
7.05	Issues raised in the last AGM, decisions taken and their implementation status.	147
7.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration b) Government as taxes (separately direct and indirect) c) Shareholders as dividends d) Providers of financial capital as financial charges e) Society as donation; and f) Retained within the business.	148
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8	<b>SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS</b>	
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8.02	Industry specific additional disclosures (if applicable): a) Insurance Company - Annexure 'II' b) Banking Company - Annexure 'IV' c) Shariah compliant companies/ companies listed on the Islamic Index - Annexure 'V'	N/A N/A Refer Page 70
9	<b>SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY</b>	
9.01	Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility (including environment related obligation applicable on the company and initiatives taken to fulfil during the year and company's responsibility towards the staff, their health & safety).	153-157, 160
9.02	Certifications acquired and international standards adopted for best sustainability and CSR practices.	150-157, 160
10	<b>BUSINESS MODEL</b> Business model is a system of transforming inputs, through business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term.	
10.1	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework <IR>.	46-49
11	<b>STRIVING FOR EXCELLENCE IN CORPORATE REPORTING</b>	
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).	162
11.02	Adoption of International Integrated Reporting Framework <IR> by fully applying the Fundamental Concepts and 'Guiding Principles' of <IR> into their corporate reporting in addition to the Content Elements (disclosures) of <IR> as covered in the criteria.	163-164

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2021	Reference
11.03	Disclosure beyond BCR criteria (Note: The participating organization to send the list of additional disclosures to BCR Committee).	30-33, 82, 88, 96, 113
13	<b>OTHERS</b>	
13.01	BCR criteria pages referred with page numbers of the annual report.	167-171
13.02	Index about contents, scope and boundaries of the annual report.	1
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<b>Profitability Ratios</b>		
<b>SHARIAH COMPLIANT COMPANIES AND THE COMPANIES LISTED ON THE ISLAMIC INDICES</b>		
Following additional ratios are required for Shariah compliant companies and the companies listed on the Islamic Indices		
<b>In case of Listed companies:</b>		
a)	Loan on interest to market capitalization of the company. (loan on interest whether long-term or short-term debt should not exceed thirty percent of the market capitalization of the company).	
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23	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, the fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated, and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	NA
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# Independent Auditor's Report



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To the members of **Cherat Packaging Limited**

Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of Cherat Packaging Limited (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p><b>1. Valuation of stock-in-trade</b></p> <p>As at reporting date, the Company held stock-in-trade amounting to Rs. 3,152.295 million which constitutes 25.044% of total assets, as disclosed in note 10 to the financial statements.</p> <p>As described in note 3.5 to the financial statements, stock-in-trade is measured at lower of cost and Net Realizable Value (NRV). The cost of work-in-process and finished goods is determined at average manufacturing cost including a proportion of production overheads. Judgements are required to determine the appropriate basis for costing and its valuation.</p> <p>Given the significance of the amount involved and the level of judgements and estimates required to value the stock-in-trade, we have identified valuation of stock-in-trade as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the Company's valuation process for stock-in-trade and tested controls relevant to such process.</li> <li>- Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</li> <li>- Observed physical stock count activities to ascertain the condition and existence of stock-in-trade, performed testing on a sample of items to assess their NRV and evaluated the adequacy of NRV adjustment for stock-in-trade as at the year end.</li> <li>- Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

**Information Other than the Financial Statements and Auditor's Report thereon**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

*EY Feroz Khan*  
Chartered Accountants  
Place: Karachi  
Date: 02 September 2021



# Statement of Financial Position

as at June 30, 2021

	Note	2021	2020
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	5,015,073	5,096,317
Intangible assets	5	4,649	5,635
		5,019,722	5,101,952
Long-term investments	6	949,710	469,080
Long-term loan	7	-	100
Long-term security deposits	8	9,378	9,378
		5,978,810	5,580,510
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	9	389,371	322,853
Stock-in-trade	10	3,152,295	2,622,464
Trade debts	11	2,254,629	1,966,580
Loans and advances	12	11,682	776
Trade deposits and short-term prepayments	13	39,937	40,334
Other receivables	14	162,475	277,050
Taxation – net		575,487	335,142
Cash and bank balances	15	22,468	15,022
		6,608,344	5,580,221
<b>TOTAL ASSETS</b>		<b>12,587,154</b>	<b>11,160,731</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	16	425,069	425,069
Reserves	17	5,614,771	4,349,335
		6,039,840	4,774,404
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	18	2,065,544	2,638,802
Deferred taxation	19	571,478	226,669
Government grant	20	6,005	9,566
		2,643,027	2,875,037
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	1,146,325	534,434
Accrued mark-up		88,392	178,365
Short-term borrowings	22	1,944,741	2,630,780
Current maturity of long-term financing	18	703,007	154,600
Current maturity of Government grant	20	11,535	3,189
Unclaimed dividend	23	10,287	9,922
		3,904,287	3,511,290
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,587,154</b>	<b>11,160,731</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
**Amer Faruque**  
 Chief Executive

  
**Aslam Faruque**  
 Director

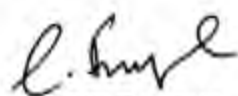
  
**Yasir Masood**  
 Chief Financial Officer

# Statement of Profit or Loss

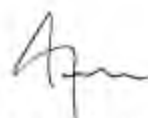
for the year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Turnover – net	25	11,255,102	9,436,193
Cost of sales	26	(9,317,477)	(8,262,464)
<b>Gross profit</b>		<b>1,937,625</b>	<b>1,173,729</b>
Distribution costs	27	(194,638)	(164,781)
Administrative expenses	28	(105,918)	(95,009)
Other expenses	29	(89,444)	(53,389)
		(390,000)	(313,179)
Other income	30	35,669	21,631
<b>Operating profit</b>		<b>1,583,294</b>	<b>882,181</b>
Finance costs	31	(384,772)	(783,503)
<b>Profit before taxation</b>		<b>1,198,522</b>	<b>98,678</b>
<b>Taxation</b>			
Current		(4,466)	(141,498)
Prior		-	1,238
Deferred		(338,964)	111,817
	32	(343,430)	(28,443)
<b>Net profit for the year</b>		<b>855,092</b>	<b>70,235</b>
Earnings per share - basic and diluted	33	Rs. 20.12	Rs. 1.65

The annexed notes from 1 to 43 form an integral part of these financial statements.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer

# Statement of Comprehensive Income

for the year ended June 30, 2021

	2021	2020
	(Rupees in '000)	
Net profit for the year	855,092	70,235
<b>Other comprehensive income</b>		
<b>Items that may not be reclassified subsequently to the statement of profit or loss:</b>		
Unrealized gain on remeasurement of equity instrument at fair value through other comprehensive income	480,611	314,465
Actuarial gain on defined benefit plan - net of deferred tax	14,747	20,072
	495,358	334,537
<b>Total comprehensive income for the year</b>	<b>1,350,450</b>	<b>404,772</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
**Amer Faruque**  
Chief Executive

  
**Aslam Faruque**  
Director

  
**Yasir Masood**  
Chief Financial Officer

# Statement of Cash Flows

for the year ended June 30, 2021

Note	2021	2020	
	(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	1,198,522	98,678	
<b>Profit before taxation</b>			
<b>Adjustments for:</b>			
Depreciation	4.1.4	333,369	340,010
Amortization	5.1	986	1,375
Gain on disposal of operating property, plant and equipment	4.1.5	(9,485)	(1,271)
Allowance for Expected Credit Loss	29	-	25,704
Exchange loss	29	-	17,037
Government grant amortized	20	(10,555)	(403)
Share of profit from joint venture	30	(19)	(48)
Dividend income	30	(5,328)	(4,843)
Finance costs	31	384,772	783,503
		693,740	1,161,064
		1,892,262	1,259,742
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		(66,518)	(16,758)
Stock-in-trade		(529,831)	506,090
Trade debts		(288,049)	(423,149)
Loans and advances		(10,906)	993
Trade deposits and short-term prepayments		397	2,999
Other receivables		114,575	310,337
		(780,332)	380,512
<b>Increase in current liabilities:</b>			
Trade and other payables		632,483	31,267
<b>Cash generated from operations</b>			
		1,744,413	1,671,521
Income tax paid		(244,811)	(102,122)
Long-term loans and security deposit - net		100	1,875
<b>Net cash generated from operating activities</b>			
		1,499,702	1,571,274
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred - net of borrowing costs	4.2	(259,209)	(283,154)
Additions to intangible assets	5	-	(689)
Proceeds from disposal of operating property, plant and equipment	4.1.5	17,773	4,608
Dividend received		5,328	4,843
<b>Net cash used in investing activities</b>			
		(236,108)	(274,392)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing - net		(9,511)	(78,440)
Short-term borrowings		(686,039)	(319,565)
Finance costs paid		(475,949)	(801,027)
Dividend paid		(84,649)	(95,967)
<b>Net cash used in financing activities</b>			
		(1,256,148)	(1,294,999)
<b>Net increase in cash and cash equivalents</b>			
		7,446	1,883
<b>Cash and cash equivalents as at the beginning of the year</b>			
		15,022	13,139
<b>Cash and cash equivalents as at the end of the year</b>			
	15	22,468	15,022

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
**Amer Faruque**  
 Chief Executive

  
**Aslam Faruque**  
 Director

  
**Yasir Masood**  
 Chief Financial Officer

# Statement of Changes in Equity

for the year ended June 30, 2021

	Issued, Subscribed and Paid-up Capital	Reserves					Sub-total	Total
		Capital Reserve	Revenue Reserves		Other Components of Equity			
		Share premium	General reserve	Unappropriated profit	Actual loss / gain on gratuity fund-net of deferred tax	Unrealized loss / gain on listed equity investment		
(Rupees in '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 June 30, 2019 @ Rs. 2.5 per share	-	-	-	(96,806)	-	-	(96,806)	(96,806)
Bonus shares issued in the ratio of 10 shares for every 100 shares held	38,643	-	-	(38,643)	-	-	(38,643)	-
Net profit for the year	-	-	-	70,235	-	-	70,235	70,235
Other comprehensive income for the year	-	-	-	-	20,072	314,465	334,537	334,537
Total comprehensive income for the year	-	-	-	70,235	20,072	314,465	404,772	404,772
<b>Balance as at June 30, 2020</b>	425,069	998,628	180,000	2,906,598	242	263,867	4,349,335	4,774,404
<b>Balance as at July 01, 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 June 30, 2020 @ Re. 1.00 per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Interim cash dividend for the year ended June 30, 2021 @ Re. 1.00 per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Net profit for the year	-	-	-	855,092	-	-	855,092	855,092
Other comprehensive income for the year	-	-	-	-	14,747	480,611	495,358	495,358
Total comprehensive income for the year	-	-	-	855,092	14,747	480,611	1,350,450	1,350,450
<b>Balance as at June 30, 2021</b>	425,069	998,628	180,000	3,676,676	14,989	744,478	5,614,771	6,039,840

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
**Amer Faruque**  
 Chief Executive

  
**Aslam Faruque**  
 Director

  
**Yasir Masood**  
 Chief Financial Officer

# Notes to the Financial Statements

for the year ended June 30, 2021

## 1. THE COMPANY AND ITS OPERATIONS

- 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 Limited. The geographical location and addresses of the Company's business units / immovable assets are as under:

Business unit	Address
Registered office / sales office	1st Floor, Betani Arcade, Jamrud Road, Peshawar
Head office	3rd Floor, Modern Motors House, Beaumont Road, Karachi
Sales office	3, Sunder Das Road, Lahore
Sales office	1st Floor, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad
Bags manufacturing division (immoveable assets)	Plot # 26 Gadoon Amazai Industrial Estate, District Swabi (Land measuring area - 13 acres)
Flexible packaging division (immoveable assets)	Plot # 4, Gadoon Amazai Industrial Estate, District Swabi (Land measuring area - 8.09 acres)

- 1.2 Summary of significant transaction(s) and event(s) that have affected Company's financial position and performance during the year is as follows:

### 1.2.1 Impact of COVID-19 on the Financial Statements

COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lock downs to fight COVID-19 since March 2020. Construction and FMCG sectors were fortunate to be moderately affected in this situation. Consequently, our operations were moderately affected. The situation, however, has now improved on the back of steps taken by the Government. The Company has taken all necessary measures for the health and safety of its employees. Employees were also allowed to work from their homes during COVID-19. The Management fully support the Government's stance of vaccination. It believes that almost all of its staff will get vaccinated by the end of August 2021. The Company also availed Government's schemes for financing wages & salaries and deferment of principal repayments and made required disclosures. There is no significant accounting impact of COVID-19 in these financial statements.

- 1.2.2 Overall, the finance cost of the Company significantly decreased primarily due to the decrease in discount rate by the State Bank of Pakistan (SBP).

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act, have been followed.

## 2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for certain items as disclosed in the relevant accounting policies.

## 2.3 New standards, amendments, improvements to approved accounting standards and the framework for financial reporting

### 2.3.1 Amendments to the approved accounting standards and the framework for financial reporting that became effective during the current year

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

#### Amendment or framework

IFRS 3	Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)
Conceptual Framework for Financial Reporting	

The adoption of the above amendments to the approved accounting standards and the framework for financial reporting did not have any material effect on the financial statements.

### 2.3.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendments or improvements:

Amendment or improvement		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	January 01, 2021
IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments)	April 01, 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

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

	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases: Lease incentives	January 01, 2022

The above amendments and improvements to the approved accounting standards are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standard	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17 Insurance Contracts	01 January 2023

## 2.4 Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

### 2.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment, if any, for that period.

### 2.4.2 Taxation

#### Current

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Any instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.



### **Deferred**

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences may reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted. Deferred tax is charged or credited to the statement of profit or loss.

#### **2.4.3 Stock-in-trade, stores, spare parts and loose tools**

The Company reviews the Net Realizable Value (NRV) of stock-in-trade, stores and spare parts and loose tools to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

#### **2.4.4 Staff retirement benefits**

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Any change in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rate, expected rate of return on assets, future salary increases and mortality rates.

#### **2.4.5 Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

#### **2.4.6 Allowance for Expected Credit Losses (ECL) on financial assets**

The Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical credit loss experience is updated and forward-looking factors are analyzed. The Company's historical credit loss experience and forecast of economic conditions may not be representative of actual default in the future.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **3.1 Property, plant and equipment**

Property, plant and equipment except for land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work-in-progress are stated at cost less impairment, if any. Capital work-in progress consists of expenditure incurred and advances made in the course of an asset's construction and installation. Depreciation is charged to statement of profit or loss applying the reducing balance method except for computers which are depreciated on straight-line method, at the rates mentioned in note 4.1 to these financial statements, and certain plant

and machinery of flexible packaging division as mentioned in note 4.1.1 to these financial statements which are depreciated using the units of production method. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of property, plant and equipment, if any, are recognized in the statement of profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment annually when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts.

## **3.2 Intangible assets**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible asset.

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method when assets are available for use. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

## **3.3 Investments**

### **3.3.1 Joint Venture**

The Company has interest in a jointly controlled entity. The Company combines its share and recognizes its interest in the joint venture using the equity method. Under equity method, the investment in joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture. The statement of profit or loss reflects the share of the results of operations of joint venture.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investment in joint venture. The Company determines at each reporting date whether there is any objective evidence that the investment in joint venture is impaired. If this is the case, the Company calculates the amount of impairment loss as the difference between the recoverable amount of joint venture and their carrying value and recognizes the amount in the statement of profit or loss.

Financial statements of joint venture are prepared for same reporting period as that of the Company, using consistent accounting policies in line with that of the Company.

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

These investments are initially recognized at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

All gains or losses from change in the fair value of these investments are recognized directly in other comprehensive income.

### **3.3.3 At fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to the statement of profit or loss and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

### **3.4 Stores, spare parts and loose tools**

These are valued at lower of weighted average cost and estimated NRV except items in-transit, if any, which are stated at invoice value plus other charges incurred thereon up to the date of the statement of financial position.

Provision / write-off, if required, is made in financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

### **3.5 Stock-in-trade**

Raw materials and finished goods are valued at lower of weighted average cost and estimated NRV, except items in-transit, if any, which are valued at cost comprising invoice values plus other charges incurred thereon up to the date of statement of financial position.

Work-in-process is valued at weighted average cost including a proportion of manufacturing overheads.

Cost signifies in relation to:

Raw and packing material	- Purchase cost and other direct expenses on weighted average basis
Finished goods and work-in-process	- Cost of direct material, labour and proportion of manufacturing overheads
Stock-in-transit	- Invoice value plus other charges paid thereon up to the statement of financial position date

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV. NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

### **3.6 Trade debts, loans, deposits and other receivables**

Trade debts, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

### **3.7 Cash and cash equivalents**

These are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

### **3.8 Share capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **3.9 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **3.9.1 Financial assets**

The financial assets of the Company mainly include investments excluding investment in a joint venture, loans, deposits, trade debts, other receivables and cash & bank balances.

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) – debt investment, FVOCI – equity investment, or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Based on the business model of the Company, the financial assets of the Company are measured and classified as follows:

- Investments, excluding investment in a joint venture are carried at FVOCI – equity investment; and
- Trade debts and other financial assets are carried at amortised cost.

#### **3.9.2 Financial liabilities**

Financial liabilities - loans and borrowings are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method. These are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date. The Company has not designated any financial liabilities at FVTPL.

#### **3.9.3 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

### **3.10 Government grant**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to expense, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

### **3.11 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

### **3.12 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### **3.13 Foreign currency transactions**

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Pakistani Rupees at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

### **3.14 Revenue recognition**

Revenue is recognized at the point in time when control of the asset is transferred to the customer. The Company has concluded that it is acting as a principal in its revenue arrangements. Revenue is measured at fair value of the consideration received or receivable and is recognized on the following basis:

#### **3.14.1 Sale of goods**

Revenue from sale of goods is recognized when or as control of goods have been transferred to a customer either over time or at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates.

#### **3.14.2 Other income**

Profit on savings accounts is recognized on effective interest rate method.

Dividend income is recognized when the right to receive such payment is established.

Other revenues are accounted when performance obligations are met.

### **3.15 Staff retirement benefits**

#### **3.15.1 Gratuity fund**

The Company operates an approved and funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the other comprehensive income. All the past service costs are recognized at the earlier of when the amendments or curtailment occurs and when the Company has recognized related restructuring or terminations benefits.

#### **3.15.2 Provident fund**

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 8.33% of basic salary.

### 3.16 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

### 3.17 Taxation

#### 3.17.1 Current

Provision for current tax is based in accordance with Income Tax Ordinance, 2001.

#### 3.17.2 Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognized on a proportionate basis in accordance with Technical Release 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

#### 3.17.3 Sales tax

Revenues, expenses and assets are recognized net of amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables or payables that are stated with the amount of sales tax included; and
- the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of assets or liabilities in the statement of financial position.

### 3.18 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

### **3.19 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **3.20 Impairment of non-financial assets**

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

### **3.21 Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 180 days past due. Further, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **3.22 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

### **3.23 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

### **3.24 Segment reporting**

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of

the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

### 3.25 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on such leases are recognized as expense on a straight-line basis over the lease term.

### 3.26 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
(Rupees in '000)			
Operating property, plant and equipment	4.1	4,757,442	4,953,165
Capital work-in-progress (CWIP)	4.2	257,631	143,152
		<u>5,015,073</u>	<u>5,096,317</u>

### 4.1 Operating property, plant and equipment

2021 Description	COST				ACCUMULATED DEPRECIATION				Book Value as at June 30, 2021	Deprecia- tion rate % per annum
	As at July 01, 2020	Additions (Note 4.2)	Disposals (Note 4.1.5)	As at June 30, 2021	As at July 01, 2020	Disposals	Charge for the year (Note 4.1.4)	As at June 30, 2021		
(Rupees in '000)										
Leasehold land	72,417	4,605	-	77,022	-	-	-	-	77,022	-
Building on leasehold land	1,291,816	12,713	-	1,304,529	274,041	-	82,350	356,391	948,138	5-10
Plant and machinery	4,308,953	34,088	-	4,343,051	1,057,713	-	171,953	1,229,666	3,113,385	5-7.5
Power and other installations	189,154	26,951	-	216,105	52,987	-	11,900	64,887	151,218	7.5-10
Furniture and fittings	55,229	9,147	-	64,376	10,423	-	4,932	15,355	49,021	5-10
Vehicles	158,922	41,534	(18,854)	181,602	69,562	(11,053)	23,191	81,700	99,902	20
Equipment	379,652	8,994	(383)	388,263	60,852	-	24,920	85,772	302,491	7.5-10
Computers	51,377	7,892	(322)	58,947	28,787	(218)	14,123	42,692	16,255	33.33
	<u>6,507,530</u>	<u>145,934</u>	<u>(19,559)</u>	<u>6,633,905</u>	<u>1,554,365</u>	<u>(11,271)</u>	<u>333,369</u>	<u>1,876,463</u>	<u>4,757,442</u>	



2020 Description	COST				ACCUMULATED DEPRECIATION				Book Value as at June 30, 2020	Deprecia- tion rate % per annum
	As at July 01, 2019	Additions (Note 4.2)	Disposals (Note 4.1.5)	As at June 30, 2020	As at July 01, 2019	Disposals	Charge for the year (Note 4.1.4)	As at June 30, 2020		
(Rupees in '000)										
Leasehold land	57,080	15,337	-	72,417	-	-	-	-	72,417	-
Building on leasehold land	1,210,390	81,426	-	1,291,816	187,049	-	86,992	274,041	1,017,775	5-10
Plant and machinery	4,239,435	69,528	-	4,308,963	876,058	-	181,656	1,057,713	3,251,250	5-7.5
Power and other Installations	189,154	-	-	189,154	40,729	-	12,258	52,987	136,167	7.5-10
Furniture and fittings	33,728	21,568	(67)	55,229	6,578	(9)	3,854	10,423	44,806	5-10
Vehicles	149,485	18,856	(9,419)	158,922	55,613	(6,257)	20,206	69,562	89,360	20
Equipment	325,651	54,001	-	379,652	36,936	-	23,916	60,852	318,800	7.5-10
Computers	38,554	12,968	(145)	51,377	17,686	(28)	11,129	28,787	22,590	33.33
	6,243,477	273,684	(9,631)	6,507,530	1,220,649	(6,294)	340,010	1,554,365	4,953,165	

**4.1.1** Following plant and machinery relating to Flexible Packaging Division are depreciated using units of production method:

- Flexo graphic printer
- Rotogravure printer
- Extrusion line
- Laminators

**4.1.2** Particulars of significant plant and machinery are given below:

**Kraft paper bags plant**

- Tuber – 4 machines
- Bottomer – 4 machines
- Universal Papersack Line (tuber and bottomer)

**Polypropylene bags plant**

- Extrusion line – 3 machines
- Weaving line – 3 machines
- Coating line – 3 machines
- Printing line – 3 machines
- Bags conversion line – 5 machines

**Flexible packaging plant**

- Flexo graphic printer
- Rotogravure printer
- Extrusion line
- Laminator – 2 machines
- Bag making machine

4.1.3 Reconciliation of book value:	Note	2021	2020
		(Rupees in '000)	
Book value as at the beginning of the year		4,953,165	5,022,828
Additions during the year - at cost		145,934	273,684
Depreciation charge for the year		(333,369)	(340,010)
Disposals during the year at book value	4.1.5	(8,288)	(3,337)
Book value as at the end of the year		4,757,442	4,953,165

4.1.4 The depreciation charge for the year has been allocated to:	Note	2021	2020
		(Rupees in '000)	
Cost of sales	26	323,628	330,075
Distribution costs	27	7,330	7,142
Administrative expenses	28	2,411	2,793
		333,369	340,010

#### 4.1.5 The following operating property, plant and equipment were disposed off during the year:

Description	Cost	Book value	Sale proceeds	Gain/(Loss)	Mode of disposal	Particulars of buyers and relationship, if any
<b>Vehicles</b>						
Toyota Corolla	2,019	999	999	-	Employee car scheme	Mr. Shahid Anwer - Employee
Audi	6,880	3,618	8,800	5,182	Tender	Mr. Muhammad Asif
Suzuki Cultus	1,745	1,164	1,745	581	Insurance claim	EFU Insurance
Individual assets having book value less than Rs. 500,000						
Vehicles	8,210	2,020	5,608	3,588		
Equipment	383	383	383	-		
Computer	322	104	238	134		
<b>2021</b>	<b>19,559</b>	<b>8,288</b>	<b>17,773</b>	<b>9,485</b>		
<b>2020</b>	<b>9,631</b>	<b>3,337</b>	<b>4,608</b>	<b>1,271</b>		

4.1.5.1 None of the buyers had any relationship with any Director of the Company.

## 4.2 Capital work-in-progress

	Land/land bank	Building up to specified land	Plant and machinery	Power and other installations	Furniture and fittings	Intangibles	Equipment	Computers	Total
	(Rupees in '000)								
<b>Balance as at June 30, 2019</b>	-	81,218	39,436	-	1,119	-	11,040	869	133,682
Capital expenditure incurred / advances made during the year	15,337	10,370	111,078	21,560	20,578	20,916	71,216	12,099	283,154
Transferred to operating property, plant and equipment	(15,337)	(81,426)	(69,528)	-	(21,568)	(18,856)	(54,001)	(12,968)	(273,684)
<b>Balance as at June 30, 2020</b>	-	10,162	80,986	21,560	129	2,060	28,255	-	143,152
Capital expenditure incurred / advances made during the year	4,605	47,060	-	110,781	9,388	42,161	38,526	7,892	260,413
Transferred to operating property, plant and equipment	(4,605)	(12,713)	(34,098)	(26,951)	(9,147)	(41,534)	(8,994)	(7,892)	(145,934)
<b>Balance as at June 30, 2021</b>	-	44,509	46,888	105,390	370	2,687	57,787	-	257,631

4.2.1 During the year borrowing costs, on long-term financing obtained specifically for this purpose (note: 18.3), have been capitalized amounting to Rs. 1.204 million, using a capitalization rate of 3.75% (2020: Nil) per annum (2020: Nil) in Flexible Packaging Division.

#### 4.3 Fair value of property, plant and equipment

The Company assessed fair value of property, plant and equipment (excluding land and building) in December 2019 through an independent valuer. The Company used the fair value of plant and machinery as per the valuation report and included all assets capitalized subsequently at book value. Resultantly, the fair value of property, plant and equipment assessed amounts to Rs. 5.46 billion (2020: Rs. 5.57 billion); however, the same has not been incorporated in these financial statements.

### 5. INTANGIBLE ASSETS

Description	COST				ACCUMULATED DEPRECIATION				Book Value as at June 30,	Amortization Rate % per annum
	As at July 01,	Additions during the year	Disposals during the year	As at June 30,	As at July 01,	Disposals	For the year	As at June 30,		
(Rupees in '000)										
<b>2021 ERP System/Software</b>	16,158	-	-	16,158	10,523	-	986	11,509	4,649	10
<b>2020 ERP System/Software</b>	15,469	689	-	16,158	9,148	-	1,375	10,523	5,635	10

#### 5.1 The amortization charge for the year has been allocated to:

	Note	2021	2020
(Rupees in '000)			
Cost of sales	26	769	1,064
Administrative expenses	28	217	311
		986	1,375

### 6. LONG-TERM INVESTMENTS

#### Investment in related party

		2021	2020
At fair value through other comprehensive income	6.1	945,027	464,416
Joint Venture			
Investment in a Joint Venture	6.2	4,683	4,664
		949,710	469,080

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

Cherat Cement Company Limited			
5,327,698 (2020: 5,327,698) ordinary shares of Rs. 10/- each		945,027	464,416

#### 6.2 Investment in a joint venture

		2021	2020
As at the beginning of the year	6.2.1	4,664	4,616
Share of profit - unaudited	30	19	48
As at the end of the year		4,683	4,664

6.2.1 Represents 462,000 shares (2020: 462,000) of Rs. 10/- each representing 4.62% interest in UniEnergy Limited (UEL), a public unlisted Company. UEL is formed for the generation and transmission of wind power; however, the company has not yet commenced its commercial operations.

6.3 Investments in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017.

**7. LONG-TERM LOAN – secured, considered good**

	Note	2021	2020
(Rupees in '000)			
Employee	7.1	33	133
Less: Current maturity	12	(33)	(33)
		-	100

7.1 Represents loan given to an employee as per the Company's policy. The loan carries mark-up @ 10% per annum and is secured against the provident fund balance of the employee.

**8. LONG-TERM SECURITY DEPOSITS – considered good**

	Note	2021	2020
(Rupees in '000)			
Sector wise analysis is as follows:			
Government sector – secured		9,228	9,228
Other sectors – unsecured		150	150
	8.1	9,378	9,378

8.1 These deposits do not carry any interest.

**9. STORES, SPARE PARTS AND LOOSE TOOLS**

Stores	39,550	43,101
Spare parts	340,927	277,481
Loose tools	1,082	541
	381,559	321,123
Stores-in-transit	7,812	1,730
	389,371	322,853

**10. STOCK-IN-TRADE**

Raw material		
In hand	1,706,229	957,086
In bonded warehouse	6,963	590,786
in-transit	943,179	504,044
	2,656,371	2,051,916
Work-in-process	244,483	207,436
Finished goods	239,891	344,330
Polypropylene scrap goods / reworkable material	11,550	18,782
	3,152,295	2,622,464

**11. TRADE DEBTS**

Considered good			
- secured	11.1	85,178	33,854
- unsecured	11.3	2,213,121	1,976,396
		2,298,299	2,010,250
Less: Allowance for Expected Credit Loss	11.2	(43,670)	(43,670)
		2,254,629	1,966,580

11.1 Represents local sales and export sales. Export sales were made to Africa (2020: Africa) under Letter of Credit and advance (2020: Letter of Credit).

11.2 Trade receivables are generally on 45 days term. Aging analysis of trade debts is as follows:

	Note	2021	2020
(Rupees in '000)			
Neither past due nor impaired	11.3	1,433,035	1,002,166
Past due but not impaired			
- within 270 days		821,594	964,414
		2,254,629	1,966,580

11.3 Includes Rs. 0.34 million receivable from Mirpurkhas Sugar Mills Limited, a related party. Maximum aggregate amount outstanding at the end of any month during the year was Rs. 2.07 million (2020: Nil).

## 12. LOANS AND ADVANCES – considered good

	Note	2021	2020
(Rupees in '000)			
Current portion of long term loans	7	33	33
<b>Advances</b>			
Suppliers	12.1 & 12.2	7,342	743
Letters of credit		4,307	-
		11,649	743
		11,682	776
<b>12.1 Sector wise analysis is as follow:</b>			
Government sector – secured		1,694	-
Other sectors – unsecured		5,648	743
		7,342	743

12.2 These advances do not carry any interest.

## 13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits - unsecured, considered good	13.1	35,385	35,470
Short-term prepayments		4,552	4,864
		39,937	40,334

13.1 These deposits were paid to non-governmental shipping agencies and do not carry any interest.

## 14. Other receivables

	Note	2021	2020
(Rupees in '000)			
Sales tax adjustable		148,766	273,868
Gratuity fund	14.1	2,451	-
Others		11,258	3,182
		162,475	277,050

### 14.1 Gratuity-fund Defined benefit plan

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.

	2021	2020
(Rupees in '000)		
<b>Amounts recognized in the statement of financial position:</b>		
Present value of defined benefit obligations	105,978	95,427
Fair value of plan assets	(108,429)	(77,098)
(Asset) / liability recognized in the statement of financial position	(2,451)	18,329
<b>Amounts recognized in the statement of profit or loss:</b>		
Current service cost	15,063	12,936
Interest cost	7,823	10,650
Expected return on plan assets	(6,954)	(6,874)
	15,932	16,712
<b>Amounts recognized in other comprehensive income:</b>		
Actuarial gain / (loss) on defined benefit obligations	5,548	(259)
Actuarial gain on plan assets	15,044	20,331
	20,592	20,072

Movement in the (asset) / liability in the statement of financial position:	Note	2021	2020
		(Rupees in '000)	
As at the beginning of the year		18,329	33,689
Net charge for the year		15,932	16,712
Re-measurement chargeable in other comprehensive income		(20,592)	(20,072)
Contributions		(16,120)	(12,000)
As at the end of the year		(2,451)	18,329
<b>Movement in the present value of defined benefit obligation:</b>			
As at the beginning of the year		95,427	80,268
Current service cost		15,063	12,936
Interest cost		7,823	10,650
Benefits paid during the year		(6,787)	(8,686)
Actuarial (gain) / loss		(5,548)	259
As at the end of the year		105,978	95,427
<b>Movement in the fair value of plan assets:</b>			
As at the beginning of the year		77,098	46,579
Expected return		6,954	6,874
Contributions		16,120	12,000
Benefits paid during the year		(6,787)	(8,686)
Actuarial gain		15,044	20,331
As at the end of the year		108,429	77,098
<b>Principal actuarial assumptions used are as follows:</b>			
		(Percentage)	
Expected rate of increase in salary level – long term		9.50	7.50
Valuation discount rate	14.1.1	10.00	8.50
Rate of return on plan assets		10.00	8.50
		2021	2020
Mortality rates		SLIC 2001-2005	SLIC 2001-2005

14.1.1 The discount rate of 10% is representative of yields on long-term Government Bonds.

14.1.2 Expected gratuity expense to the plan for the year ending June 30, 2022 is Rs. 15.68 million.

**14.1.3 Comparison for past years:**

As at June 30,	2021	2020	2019	2018	2017
	(Rupees in '000)				
Present value of defined benefit obligations	105,978	95,427	80,268	67,420	(50,057)
Fair value of plan assets	(108,429)	(77,098)	(46,579)	(81,556)	91,705
(Surplus) / deficit	(2,451)	18,329	33,689	5,864	41,648
Experience adjustment on plan liabilities	5,548	(259)	(473)	2,174	3,261
Experience adjustment on plan assets	15,044	20,331	27,527	33,638	(20,987)
	20,592	20,072	27,054	35,812	(17,726)

**14.1.4 Composition of plan assets are as follows:**

	2021	2020
	(Rupees in '000)	
Government Securities	56,460	46,986
Mutual Funds / Shares	50,261	22,870
Bank balances	1,708	7,242
	108,429	77,098

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation. The return on plan assets was assumed to equal the discount rate. Actual gain on plan assets during the year amounts to Rs. 21.99 million (2020: Rs. 27.21 million).

#### 14.1.5 Sensitivity analysis

2021			
Discount rate		Salary increase	
+100 bps	-100 bps	+100 bps	-100 bps
(Rupees in million)			
100.269	(112.227)	112.707	(99,739)

Present value of obligations

#### 15. CASH AND BANK BALANCES

Cash in hand  
Bank balances

Islamic banks  
Current accounts

Conventional banks  
Current accounts  
Savings accounts

Note	2021	2020
	(Rupees in '000)	
	668	397
	4,215	3,198
15.1	15,691	8,441
	1,894	2,986
	17,585	11,427
	22,468	15,022

15.1 These carry effective profit rate of 5.50% (2020: 10.31%) per annum.

#### 16. SHARE CAPITAL

##### 16.1 Authorized capital

2021	2020		2021	2020
Number of shares			(Rupees in '000)	
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000	1,000,000

##### 16.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
Number of shares			(Rupees in '000)	
		Ordinary shares of Rs. 10/- each		
26,207,242	26,207,242	- Issued as fully paid in cash	262,072	262,072
16,299,593	16,299,593	- Issued as bonus shares	162,997	162,997
42,506,835	42,506,835		425,069	425,069

16.3 Following is the detail of shares held by the related parties:

	2021	2020
	(Number of shares)	
Faruque (Private) Limited	4,356,896	4,356,896
Cherat Cement Company Limited	3,122,532	3,122,532
Mirpurkhas Sugar Mills Limited	2,110,490	2,110,490
Greaves Pakistan (Private) Limited	2,135,034	2,135,034
	11,724,952	11,724,952

16.4 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

## 17. RESERVES

	Note	2021		2020	
		(Rupees in '000)			
<b>Capital reserve</b>					
Share premium		998,628		998,628	
<b>Revenue reserve</b>					
General reserve		180,000		180,000	
Unappropriated profit		3,676,676		2,906,598	
		3,856,676		3,086,598	
<b>Other Components of Equity</b>					
Actuarial gain on gratuity fund-net of deferred tax		14,989		242	
Unrealized gain on equity investment		744,478		263,867	
		759,467		264,109	
		5,614,771		4,349,335	

## 18. LONG-TERM FINANCING - secured

### Islamic banks

Fixed Assets Refinance Loan – I	18.1	225,000	315,000
Fixed Assets Refinance Loan – II	18.2	420,000	540,000
Islamic Finance Facility for Renewable Energy	18.3	103,366	-
		748,366	855,000

### Conventional banks

Fixed Assets Refinance Loan – III		-	40,000
Fixed Assets Refinance Loan – IV	18.4 & 18.7	1,200,000	1,200,000
Fixed Assets Refinance Loan – V	18.5 & 18.7	600,000	600,000
		1,800,000	1,840,000
		2,548,366	2,695,000
Refinance Scheme for Payment of Wages and Salaries	18.6 & 20	220,185	98,402
		2,768,551	2,793,402
Less: Current maturity of long-term financing		(703,007)	(154,600)
		2,065,544	2,638,802

**18.1** Represents long-term financing obtained from an Islamic bank under Diminishing Musharakah for the import of Polypropylene Plant. It carries profit at the rate of 6 months' KIBOR + 0.2% per annum. The financing is repayable in 10 equal semi-annual installments which commenced after 30 months from the date of first draw down i.e. from January 2019. The financing is secured against first pari-passu hypothecation charge of Rs. 667 million over specific plant and machinery of the Company.

**18.2** Represents long-term financing obtained from an Islamic bank under Diminishing Musharakah for the import of Universal Papersack Line. The loan carries a profit rate of 6 months' KIBOR + 0.2% per annum. The financing is repayable in 10 equal semi-annual installments which commenced after 30 months from the date of first drawdown i.e. from January 2020. It is secured against first pari-passu hypothecation charge of Rs. 800 million on plant and machinery of the Company. As explained in note 18.7, during the year the Company has revoked the principal deferment facility and paid the installments as per the regular repayment schedule.

**18.3** Represents a long-term financing obtained from an Islamic bank under State Bank of Pakistan's Islamic Financing Facility for Renewable Energy (IFRE) to setup a 0.96 MW Solar Power Project. It carries a flat profit rate of SBP's rate of 2% + 1.75% per annum. The financing is repayable in 20 equal semi-annual installments commencing after 6 months from the date of first draw down i.e. April 2021. It is secured against first pari-passu hypothecation charge of Rs. 160 million on plant and machinery of the Company.



- 18.4** Represents long-term financing obtained from a conventional bank for the import of Flexible Packaging Plant. It carries mark-up at the rate of 6 months KIBOR+ 0.15% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from first draw down i.e. from August 2020 (considering one year deferment as explained in note 18.7, repayment will commence from August 2021). The financing is secured against first pari-passu hypothecation charge of Rs. 1,600 million on plant and machinery of the Company. During the year, the Company has availed the principal deferment facility, as mentioned in Note 18.7 of these financial statements.
- 18.5** Represents long-term financing obtained from a conventional bank for the import of Flexible Packaging Plant. It carries mark-up at the rate of 6 months' KIBOR+ 0.15% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from first draw down i.e. from December 2020 (considering one year deferment as explained in note 18.7, repayment will commence from December 2021). The financing is secured against first pari-passu hypothecation charge of Rs. 800 million on plant and machinery of the Company. During the year, the Company has availed the principal deferment facility, as mentioned in Note 18.7 of these financial statements.
- 18.6** Represents long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan. It carries a flat mark-up at the rate of 0.5% to 1 % per annum. The SBP allowed rate as per the scheme is up to 3%. However, the effective interest rate is calculated at respective draw down dates and the loan has been recognized at the present value. The loan is repayable in 8 equal quarterly installments commenced from April 2021 discounted at the effective rate of interest. The differential markup has been recognized as government grant (as mentioned in note 20) which will be amortized to other income over the period of the facility. The financing is secured against first pari-passu hypothecation charge over current assets of the Company.
- 18.7** The Company has availed the principal deferment facility for Fixed Assets Refinance Loan-II, Fixed Assets Refinance Loan-IV and Fixed Assets Refinance Loan-V offered by the State Bank of Pakistan through BPRD circular no. 13 of 2020 to dampen adverse effects of the COVID-19 and to provide relief to the businesses. However, as mentioned in note 18.2, during the year the Company has revoked the principal deferment facility and paid the installments as per the regular repayment schedule of Fixed Assets Refinance Loan - II. Under this facility, the principal repayments of these loans fell due in the financial year 2020-21 were deferred for one year and repayments will be restarted from financial year 2021-22 amounting to Rs. 360 million in total. However, servicing of the markup / profit was not affected. Such deferment did not affect the credit history of the Company and accordingly was not reported in the Electronic Credit Information Bureau (eCIB) as restructuring.

## 10. DEFERRED TAXATION

	Note	2021	2020
(Rupees in '000)			
<b>Temporary taxable differences</b>			
Accelerated tax depreciation		593,623	559,842
Deferred tax on actuarial gain on defined benefit plan		5,845	-
<b>Temporary deductible differences</b>			
Unused tax credits		(7,454)	(18,624)
Unused minimum tax		-	(138,328)
Unused Alternate Corporate Tax		(20,536)	(176,221)
		571,478	226,669

## 20. GOVERNMENT GRANT

As at the beginning of the year		12,755	-
Recognized during the year		15,340	13,158
Amortized during the year	30	(10,555)	(403)
As at the end of the year	20.1	17,540	12,755
Current maturity		(11,535)	(3,189)
		6,005	9,566

- 20.1** As aforementioned in note 18.6, the purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

## 21. TRADE AND OTHER PAYABLES

	Note	2021	2020
(Rupees in '000)			
Creditors		334,548	228,537
Contract liabilities	21.1	2,712	708
Gratuity fund	14.1	-	18,329
Bills payable		357,338	106,305
Accrued liabilities		178,732	111,406
Sindh Infrastructure Development Cess	24.1	181,920	55,947
Workers' Profits Participation Fund	21.2	64,169	5,194
Workers' Welfare Fund	21.3	20,691	-
Retention money		6,215	8,008
		<u>1,146,325</u>	<u>534,434</u>

- 21.1** These contract liabilities are unsecured and received under normal course of business. Revenue recognized during the year from amounts included in contract liabilities at the beginning of the year amounts to Rs. 0.71 million. (2020: Rs. 1.67 million).

## 21.2 Workers' Profits Participation Fund

	Note	2021	2020
(Rupees in '000)			
As at the beginning of the year		5,194	34,790
Interest thereon	31	16	620
		<u>5,210</u>	<u>35,410</u>
Payments during the year		(5,210)	(35,410)
		<u>-</u>	<u>-</u>
Charge for the year	29	64,169	5,194
As at the end of the year		<u>64,169</u>	<u>5,194</u>

## 21.3 Workers' Welfare Fund

As at the beginning of the year		-	-
Charge for the year	29	20,691	628.00
		<u>20,691</u>	<u>628.00</u>
Adjusted during the year		-	(628.00)
As at the end of the year		<u>20,691</u>	<u>-</u>

## 22. SHORT-TERM BORROWINGS

### Conventional banks

Short-term running finance	22.1	1,209,657	1,663,497
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### Islamic banks

Running Musharakah	22.2	735,084	967,283
		<u>1,944,741</u>	<u>2,630,780</u>

- 22.1** Represents facilities obtained from various conventional banks amounting to Rs. 5,250 million (2020: Rs. 4,850 million) out of which Rs. 4,040.34 million (2020: Rs. 3,187 million) remains unutilized at the year end. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 6,471 million (2020: Rs. 6,466.67 million) and ranking hypothecation charge over stocks and book debts of Rs. 534 million (2020: Nil). These facilities carry mark up of 1 and 3 months' KIBOR plus spread ranging from 0.25% to 1.00% (2020: 1 and 3 months' KIBOR plus spread ranging from 0.20% to 1.00%) per annum.

**22.2** Represents facilities obtained from various Islamic banks amounting to Rs. 1,700 million (2020: Rs. 1,600 million) out of which Rs. 964.92 million remains unutilized (2020: Rs. 632.72 million) at the year end. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 2,133.33 million (2020: Rs. 2,133.33) and ranking hypothecation charge over stocks and book debts of Rs. 134 million (2020: Nil). These facilities carry profit rate of 1 and 3 months KIBOR plus spread ranging from 0.20% to 0.75% (2020: 1 and 3 months' KIBOR plus spread ranging from 0.20% to 0.75%) per annum.

### 23. UNCLAIMED DIVIDEND

During the year, in accordance with section 244 of the Act, a separate bank account have been opened and the amount has been transferred.

### 24. CONTINGENCIES AND COMMITMENTS

Note	2021	2020
	(Rupees in '000)	
Outstanding letters of guarantee – conventional bank	62,857	156,910
Outstanding letters of credit – conventional banks	974,849	509,546
Duties payable on bonded stock	236	29,437
Capital commitments	14,597	38,851

**24.1** Government of Sindh imposed an infrastructure fee on the goods entering or leaving the province through the Sindh Finance (Amendment) Ordinance, 2007 which was challenged in the Honorable Sindh High Court which granted an interim relief in May 2011, whereby the goods of petitioners will be cleared by the Excise and Taxation Department on payment of 50% of the disputed amount and on furnishing bank guarantee for the balance 50% amount till the final outcome of the case. The Company became a party to the arrangement in February 2014 and issued bank guarantees in favor of the Department. In the month of June 2021, Honorable High Court of Sindh has decided the case in favor of Excise and Taxation Department putting the implementation of the decision in abeyance for 90 days, during which the decision can be challenged in The Honorable Supreme Court of Pakistan. The amount of guarantee issued up to June 30, 2021 for infrastructure fee is Rs. 182 million. The management has accrued the amount in these financial statements. However, subsequent to the year end, the Company has challenged the decision in The Honorable Supreme Court of Pakistan.

**24.2** Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) was established in KPK with an aim to develop and manage industrial zones in KPK. The KPEZDMC offered various incentives on development projects within KPK from the financial year 2016 to December 2019. The Company has applied for the incentive against its Polypropylene bags line and other expansions up till June 30, 2017. The total amount of incentive claimed is Rs. 147.94 million. This case is now in final stage of approval. The amount is expected to be disbursed in two phases by the KPEZDMC. The management of the Company is hopeful that the said amount will be realized in the following year, however, as a matter of prudence, no income has yet been recorded in these financial statements.

**24.3** Represents capital commitments extended to related parties.

### 25. TURNOVER – net

	2021	2020
	(Rupees in '000)	
Local sales	12,750,443	10,761,299
Less: Sales tax	1,857,334	1,566,405
	10,893,109	9,194,894
Less: Discounts & rebates	4,734	3,015
Net local sales	10,888,375	9,191,879
Export sales	366,727	244,314
	11,255,102	9,436,193

25.1 All revenue earned by the Company is shariah compliant.

## 26. COST OF SALES

	Note	2021	2020
		(Rupees in '000)	
<b>Raw material consumed</b>			
Stock as at the beginning of the year		957,086	2,181,600
Purchases		8,363,687	5,593,977
		9,320,773	7,775,577
Stock as at the end of the year	10	(1,706,229)	(957,086)
		7,614,544	6,818,491
Duty drawback on export		(2,146)	(66)
		7,612,398	6,818,425
<b>Manufacturing overheads</b>			
Salaries, wages and benefits	26.1	571,437	471,276
Stores, spare parts and loose tools consumed		157,614	139,402
Fuel and power		291,354	304,307
Packing charges		192,195	155,425
Rent, rates and taxes		9,179	4,219
Repairs and maintenance		19,270	17,256
Depreciation	4.1.4	323,628	330,075
Amortization	5.1	769	1,064
Insurance		42,940	51,668
General office expenses		3,811	1,821
Vehicle running expenses		15,235	12,562
Travelling and conveyance		6,176	9,018
Communication expenses		5,061	4,817
Printing and stationery		2,158	2,416
Legal and professional charges		13,161	11,994
Freight and cartage		1,653	1,510
Subscription		3,257	2,264
Stores and spares parts – written off		162	58
Others		4,151	4,476
		1,663,211	1,525,628
		9,275,609	8,344,053
<b>Work-in-process</b>			
As at the beginning of the year	10	207,436	175,331
As at the end of the year		(244,483)	(207,436)
		(37,047)	(32,105)
<b>Polypropylene scrap goods / reworkable material</b>			
As at the beginning of the year		18,782	10,792
As at the end of the year	10	(11,550)	(18,782)
Sales		(32,756)	(15,486)
		(25,524)	(23,476)
Cost of goods manufactured		9,213,038	8,288,472
<b>Finished goods</b>			
As at the beginning of the year	10	344,330	318,322
As at the end of the year		(239,891)	(344,330)
		104,439	(26,008)
		9,317,477	8,262,464

26.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 11.75 million and Rs. 12.27 million (2020: Rs. 11.15 million and Rs. 13.01 million ) respectively.

**27. DISTRIBUTION COSTS**

	Note	2021	2020
(Rupees in '000)			
Salaries and benefits	27.1	62,648	50,017
Travelling and conveyance		1,747	9,317
Vehicle running expenses		4,068	3,171
Repair and maintenance		214	352
Communication expenses		1,908	1,752
Rent, rates and taxes		1,720	1,241
Insurance		2,376	5,006
Printing and stationery		103	4,327
Depreciation	4.1.4	7,330	7,142
Freight and cartage		94,514	75,147
Export expenses		9,728	7,049
Others		8,282	260
		<u>194,638</u>	<u>164,781</u>

27.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 1.86 million and Rs. 2.08 million (2020: Rs. 1.97 million and Rs. 2.01 million ) respectively.

**28. ADMINISTRATIVE EXPENSES**

	Note	2021	2020
(Rupees in '000)			
Salaries and benefits	28.1	72,928	60,990
Directors' fee		3,280	2,040
Travelling and conveyance		576	2,271
Vehicle running expenses		3,312	2,764
Communication expenses		3,486	5,246
Printing and stationery		1,972	1,906
Rent, rates and taxes		1,545	900
Legal and professional charges		6,056	7,060
Insurance		5,198	4,000
Subscription		3,071	2,998
Advertisement		310	820
Depreciation	4.1.4	2,411	2,793
Amortization	5.1	217	311
Repairs and maintenance		227	454
General office expenses		972	193
Utilities		338	241
Others		19	22
		<u>105,918</u>	<u>95,009</u>

28.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 1.47 million and Rs. 1.58 million (2020: Rs. 1.43 million and Rs. 1.69 million ) respectively.

**29. OTHER EXPENSES**

	Note	2021	2020
(Rupees in '000)			
Auditors' remuneration	29.1	3,329	2,372
Donations	29.2	1,255	2,454
Allowance for Expected Credit Loss		-	25,704
Workers' Profits Participation Fund	21.2	64,169	5,194
Workers' Welfare Fund	21.3	20,691	628
Exchange loss		-	17,037
		<u>89,444</u>	<u>53,389</u>

**29.1 Auditors' remuneration**

	2021	2020
	(Rupees in '000)	
Audit fee	1,000	935
Half yearly review and CCG certification	300	484
Tax and other services	1,641	586
Out of pocket expenses	388	367
	3,329	2,372

**29.2** Recipients of donations do not include any donee in which any director or his spouse had any interest except for donation paid to Ghulam Faruque Trust. Following directors of the Company are also trustees of the said trust:

- Mr. Amer Faruque
- Mr. Aslam Faruque
- Mr. Shehryar Faruque

**30. OTHER INCOME**

Note	2021	2020
	(Rupees in '000)	
<b>Income from financial assets</b>		
Profit on savings accounts - conventional banks	691	562
Dividend income from an associated company - Cherat Cement Company Limited	30.1 5,328	4,843
Share of profit from investment in a joint venture- UniEnergy Limited	6.2 19	48
	16,593	5,856
<b>Income from non-financial assets</b>		
Government grant amortized	20 10,555	403
Gain on disposal of operating property, plant and equipment	4.1.5 9,485	1,271
Scrap sales	9,591	14,504
	35,669	21,631

**30.1** Cherat Cement Company Limited is included as shariah compliant company at Pakistan Stock Exchange under KMIALLSHR index and KMI-30 index.

**31. FINANCE COSTS**

Note	2021	2020
	(Rupees in '000)	
<b>Islamic banks</b>		
Mark-up on long-term financing	53,974	122,478
Mark-up on short-term borrowings	47,905	83,722
Bank charges and duties	2,450	302
	104,329	206,502
<b>Conventional banks</b>		
Mark-up on long-term financing	144,404	251,358
Mark-up on short-term borrowings	113,601	321,240
Mark-up on Refinance Scheme for Payment of Wages and Salaries	17,776	90
Guarantee commission	2,290	1,761
Bank charges and duties	2,356	1,932
	280,427	576,381
	384,756	782,883
Interest on Workers' Profits Participation Fund	21.2 16	620
	384,772	783,503

**32. TAXATION**

Provision for tax in these financial statements is calculated on the basis of Normal Tax Regime under the Income Tax Ordinance (ITO), 2001.

- 32.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

Tax year	Note	Provision for taxation	Tax assessed	Excess/(under) provision
		(Rupees in '000)		
2020		Nil	Nil	Nil
2019	32.2	24,624	Nil	24,624
2018		Nil	Nil	Nil

- 32.2 During financial year 2019, the Company had recorded tax credit under section 65B of ITO, 2001 @ 10% on commissioning and installation of plant and machinery as per law. Through Finance Act, 2019, the government had reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively for the tax year 2019 and abolished for subsequent years. However, the management is hopeful that retrospective change may not be maintainable in the eyes of law and had challenged the amendment in Honorable Peshawar High Court and obtained a stay order. However, the Company has claimed full tax credit in the income tax return for the tax year 2019.

- 32.3 During the tax year 2020, the Deputy Commissioner Inland Revenue, Regional Tax Office, Peshawar issued Order under section 161/205 of the Income Tax Ordinance 2001 raising the demand of Rs. 56.88 million with respect to the tax year 2014 without giving opportunity of being heard to the Company. The management had filed Appeal before the Commissioner (Appeals), Peshawar to remand back the aforesaid Order. During the year, the Order was remanded back for correct and fact based proceedings.

#### 32.4 Reconciliation between tax expense and accounting profit

	2021
	(Rupees in '000)
Accounting profit for the year before taxation	1,198,522
Tax at applicable rate of 29% (2020: Rate 29%)	347,571
Tax effect of Tax credits	916
Tax effect of Final Tax Regime	(8,310)
Tax effect of income taxable at lower rates	(746)
Others	3,999
	<u>343,430</u>
Effective tax %	29%

- 32.5 Provision for taxation for the prior year was based on Minimum Tax u/s 113 of the ITO. Accordingly reconciliation between tax expense and accounting profit has not been presented for the year ended June 30, 2020.

#### 33. EARNINGS PER SHARE

	Note	2021	2020
Net profit for the year (Rupees '000)		855,092	70,235
Weighted average number of ordinary shares in issue	33.1	42,506,835	42,506,835
Basic earnings per share	33.2	Rs. 20.12	Rs. 1.65

- 33.1 Weighted average number of ordinary shares

No shares were issued during the year, therefore, calculation of weighted number of ordinary shares has not been presented.

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

#### 34. SEGMENT REPORTING

For management purposes, the activities of the Company are organized into two operating segments as shown below. The Company operates in the said reportable operating segments based on the nature of the products, risks and returns, organizational and management structure, and internal financial reporting systems.

##### Type of Segments

Bags manufacturing division  
Flexible packaging division

##### Nature of business

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

### 34.1 Segment analysis and reconciliation for the year ended June 30, 2021

	Bags Manufacturing Division		Flexible Packaging Division		Total	
	2021	2020	2021	2020	2021	2020
(Rupees in '000)						
<b>Sales</b>						
External sales	9,215,424	7,773,968	2,039,678	1,662,225	11,255,102	9,436,193
Inter-segment sales	-	-	-	-	-	-
<b>Total Revenue</b>	<b>9,215,424</b>	<b>7,773,968</b>	<b>2,039,678</b>	<b>1,662,225</b>	<b>11,255,102</b>	<b>9,436,193</b>
Depreciation and amortization	181,545	188,406	152,810	152,979	334,355	341,385
Finance cost	55,029	129,898	143,349	243,938	198,378	373,836
<b>Profit / (loss) before tax and before unallocated expenses</b>	<b>1,926,164</b>	<b>1,147,060</b>	<b>(487,473)</b>	<b>(606,957)</b>	<b>1,438,691</b>	<b>540,103</b>
<b>Unallocated corporate expenses</b>						
Finance cost	-	-	-	-	(186,394)	(409,667)
Other expenses	-	-	-	-	(89,444)	(53,389)
Other income	-	-	-	-	35,669	21,631
Taxation	-	-	-	-	(343,430)	(28,443)
<b>Profit after taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855,092</b>	<b>70,235</b>
Segment assets	6,382,627	6,059,876	4,427,745	3,950,535	10,810,372	10,010,411
Unallocated assets	-	-	-	-	1,776,782	1,150,320
<b>Total assets</b>	<b>6,382,627</b>	<b>6,059,876</b>	<b>4,427,745</b>	<b>3,950,535</b>	<b>12,587,154</b>	<b>11,160,731</b>
Segment liabilities	665,227	895,000	1,943,662	1,800,000	2,608,889	2,695,000
Unallocated liabilities	-	-	-	-	3,938,425	3,691,327
<b>Total liabilities</b>	<b>665,227</b>	<b>895,000</b>	<b>1,943,662</b>	<b>1,800,000</b>	<b>6,547,314</b>	<b>6,386,327</b>
<b>Segment capital expenditure</b>	<b>128,126</b>	<b>92,054</b>	<b>132,287</b>	<b>191,100</b>	<b>260,413</b>	<b>283,154</b>

**34.1.1** 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 year to acquire segment assets that are expected to be used for more than one year.

### 34.2 Reconciliation of segment assets and liabilities to total assets and liabilities

#### 34.2.1 Segment assets

	2021	2020
(Rupees in '000)		
Allocated segment assets	10,810,372	10,010,411
Long-term investments	949,710	469,080
Other receivables	162,475	277,050
Taxation – net	575,487	335,142
Other unallocated assets	89,110	69,048
	<b>12,587,154</b>	<b>11,160,731</b>

#### 34.2.2 Segment liabilities

Allocated liabilities	2,608,889	2,695,000
Deferred taxation	571,478	226,669
Trade and other payables	1,146,325	534,434
Accrued mark-up	27,869	178,365
Short-term borrowings – secured	1,944,741	2,630,780
Other unallocated liabilities	248,012	121,079
	<b>6,547,314</b>	<b>6,386,327</b>



### 34.3 Geographical segments

Sales are made by the Company in the following countries:

	2021	2020
	(Rupees in '000)	
Pakistan	10,888,375	9,191,879
Afghanistan	28,628	18,954
Congo	197,422	193,193
Liberia	73,843	-
Other countries	66,834	32,167
	<u>11,255,102</u>	<u>9,436,193</u>

34.4 All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

### 34.5 Information about major customers

Sales to three (2020: two) customers of the Company from the bags manufacturing division represent approximately Rs. 4,157.52 million (2020: Rs. 2,768.20 million) of the Company's total revenue. These customers represent 10% or more revenue individually in the total revenue of the Company.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

### 35.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk.

#### 35.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. Borrowings of the Company are substantially obtained in the functional currency. The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	(Increase) / decrease in basis points	Effect on profit before tax
		(Rupees in '000)
<b>2021</b>		
KIBOR	+ 100	(47,133)
KIBOR	- 100	47,133
<b>2020</b>		
KIBOR	+ 100	(53,258)
KIBOR	- 100	53,258

### 35.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

		2021	2020
		(‘000)	
Bills payable	- Euro	(1,044)	(190)
	- US Dollar	(1,013)	(709)
Trade debts	- US Dollar	538	219

The following significant exchange rates have been applied at reporting dates:

		2021	2020
		(Rupees)	
Exchange rates	- Euro	188.71	189.73
	- US Dollar	158.30	168.75

The management keeps on evaluating different options available for hedging purposes. The following table demonstrates the sensitivity to a reasonably possible change in the Euro and US dollar exchange rates, with all other variables held constant, of the Company's equity.

	Change in rate (%)	(Rupees in '000)
30 June 2021-Euro	+ 10	(19,701)
	- 10	19,701
30 June 2021-US Dollar	+ 10	(7,519)
	- 10	7,519
30 June 2020-Euro	+ 10	(3,605)
	- 10	3,605
30 June 2020-US Dollar	+ 10	(8,269)
	- 10	8,269

### 35.1.3 Equity price risk

The Company's investment in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the date of statement of financial position, the exposure to listed equity securities was Rs. 945.03 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 94.50 million on the statement of comprehensive income or the statement of profit or loss depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact the statement of comprehensive income or statement of profit or loss with the similar amount.

### 35.2 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to parties considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date with no defaults in the past on year is:

	Note	2021	2020
(Rupees in '000)			
Long-term investments	6	945,027	464,416
Long-term security deposits	8	9,378	9,378
Trade debts	11	2,254,629	1,966,580
Loans and advances	12	11,682	776
Trade deposits	13	35,385	35,470
Other receivables	14	13,709	3,182
Bank balances	15	21,800	14,625
		<u>3,291,610</u>	<u>2,494,427</u>

Set out below is the information about the credit risk exposure on the Company's trade debts:

	2021		2020	
	Neither past due nor impaired	Within 273 days	Neither past due nor impaired	Within 273 days
(Rupees in '000)				
Expected credit loss effective rate	0%	5%	0%	4%
Estimated total gross carrying amount	1,433,035	865,264	1,002,166	1,008,084
Expected credit loss	-	43,670	-	43,670

### 35.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counter party default rates:

	2021	2020
(Rupees in '000)		
<b>Long-term investment</b>		
A	945,027	464,416
<b>Trade debts</b>		
Customers with no defaults in the past one year	2,254,629	1,966,580
<b>Bank balances</b>		
A1+	19,467	12,147
A	2,333	2,478
	<u>21,800</u>	<u>14,625</u>

All other financial assets are not exposed to any material credit risk.

### 35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	2021					2020				
	INTEREST BEARING			NON-INTEREST BEARING	TOTAL	INTEREST BEARING			NON-INTEREST BEARING	TOTAL
	Less than one year	One to five years	Total			Less than one year	One to five years	Total		
(Rupees in '000)										
Long-term financing	714,542	2,071,549	2,786,091	-	2,786,091	154,600	2,638,802	2,793,402	-	2,793,402
Trade & other payables	-	-	-	879,545	879,545	-	-	-	529,240	529,240
Undeclared dividend	-	-	-	10,287	10,287	-	-	-	9,922	9,922
Accrued mark-up	-	-	-	88,392	88,392	-	-	-	178,365	178,365
Short-term borrowings	1,944,741	-	1,944,741	-	1,944,741	2,630,780	-	2,630,780	-	2,630,780
	<u>2,659,283</u>	<u>2,071,549</u>	<u>4,730,832</u>	<u>978,224</u>	<u>5,709,056</u>	<u>2,785,380</u>	<u>2,638,802</u>	<u>5,424,182</u>	<u>717,527</u>	<u>6,141,709</u>

Effective interest / yield rates for the monetary liabilities are mentioned in the respective notes to the financial statements.

### 35.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2021 and 2020 are as follows:

	2021	2020
	(Rupees in '000)	
Long-term financing	2,786,091	2,793,402
Accrued mark-up	88,392	178,365
Short-term borrowings	1,944,741	2,630,780
Total debt	4,819,224	5,602,547
Cash and cash equivalents	(22,468)	(15,022)
<b>Net debt</b>	<b>4,796,756</b>	<b>5,587,525</b>
Share capital	425,069	425,069
Reserves	5,614,771	4,349,335
<b>Total capital</b>	<b>6,039,840</b>	<b>4,774,404</b>
<b>Capital and net debt</b>	<b>10,836,596</b>	<b>10,361,929</b>
<b>Gearing ratio</b>	<b>44.26%</b>	<b>53.92%</b>

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

### 35.5 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 recognized at fair value, analyzed 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).

The table below categorized fair value measurement of financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed equity investment	945,027	-	-	945,027

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed equity investment	464,416	-	-	464,416

During the year, 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.

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

**35.6 Changes in liabilities to cash flows arising from financing activities:**

	2021			
	Long-term financing	Short-term borrowings	Un-claimed dividend	Accrued mark-up
	(Rupees in '000)			
As at the beginning of the year	2,793,402	2,630,780	9,922	178,365
<b>Changes from financing cash flows</b>				
Borrowings - net	(9,511)	(686,039)	-	-
Dividend paid	-	-	(84,649)	-
Finance costs paid	-	-	-	(475,949)
	(9,511)	(686,039)	(84,649)	(475,949)
<b>Other changes</b>				
Amortization of Government grant	(15,340)	-	-	-
Finance costs - including borrowing cost capitalized	-	-	-	385,976
Dividend declared	-	-	85,014	-
As at the end of the year	2,768,551	1,944,741	10,287	88,392

	2020			
	Long-term financing	Short-term borrowings	Un-claimed dividend	Accrued mark-up
	(Rupees in '000)			
As at the beginning of the year	2,885,000	2,950,345	9,283	195,889
<b>Changes from financing cash flows</b>				
Borrowings - net	(78,440)	(319,565)	-	-
Dividend paid	-	-	(95,967)	-
Finance costs paid	-	-	-	(801,027)
	(78,440)	(319,565)	(95,967)	(801,027)
<b>Other changes</b>				
Amortization of Government grant	(13,158)	-	-	-
Finance costs	-	-	-	783,503
Dividend declared	-	-	96,606	-
As at the end of the year	2,793,402	2,630,780	9,922	178,365

### 36. SHARIAH COMPLIANCE DISCLOSURES

In compliance of the fourth schedule to the Companies Act, 2017, Shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	Note	2021	2020
(Rupees in '000)			
Long-term loans obtained as per Islamic mode	18	748,366	855,000
Short-term borrowings as per Islamic mode	22	735,084	967,283
Shariah compliant bank balances	15	4,215	3,198
Revenue earned from shariah compliant business segment	34	11,255,102	9,436,193
Dividend earned from shariah compliant investment	30	5,328	4,843
Finance costs on Islamic mode of financing	31	101,879	206,200
Profit earned from any conventional loan or advances	30	691	562
Finance costs on conventional mode of financing	31	275,781	572,688

Relationships with Islamic banks are disclosed in note 18 and note 22 to these financial statements.

### 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021	2020
	Executives / Key Employees	Executives / Key Employees
(Rupees in '000)		
Managerial remuneration	75,784	78,513
Bonus	37,008	13,333
Housing allowance	29,049	33,910
Retirement benefits	8,355	9,222
Utilities	6,387	7,462
Leave fare assistance	6,168	5,155
	<u>162,751</u>	<u>147,595</u>
Number	<u>26</u>	<u>27</u>

37.1 No remuneration was paid to the Chief Executive Officer and any of the directors. However, Chief Executive Officer and a director are provided with the Company maintained cars. In addition, certain executives are provided with the Company maintained cars, telephone facility, utilities and some other facilities, which are reimbursed at actual to the extent of their entitlements.

37.2 The aggregate amount charged in the financial statements for meeting fee to 9 Directors (including 7 non – executive Directors) amounted to Rs. 3.28 million (2020: 8 directors - Rs. 2.04 million).

### 38. TRANSACTIONS WITH RELATED PARTIES

38.1 The related parties of the Company comprise of associated companies, directors, executives, retirement funds, companies with common directorship and key management personnel of the Company. Amounts due from / to related parties are disclosed in respective notes to these financial statements. The Company enters into transactions with related parties on agreed terms as approved by the Board of Directors. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	2021	2020
(Rupees in '000)			
Associates	Sale of goods	2,445,596	2,103,442
	Purchase of goods	3,623	2,324
	Purchase of fixed asset	135,223	53,196
	Services received	62,789	58,623
	IT support charges	14,999	13,749
	Dividends paid	23,450	26,648
	Dividends received	5,328	4,843

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

**38.2** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S.No.	Company name	Aggregate % of shareholding by related party
1	Faruque (Pvt.) Ltd.	10.25
2	Cherat Cement Company Ltd.	7.35
3	Mirpurkhas Sugar Mills Ltd.	4.97
4	Greaves Pakistan (Pvt.) Ltd.	5.02
5	Greaves Airconditioning (Pvt.) Ltd.	-
6	Zensoft (Pvt.) Ltd.	-
7	Unicol Limited	-
8	UniEnergy Ltd.	-
9	Jubilee General Insurance Company Ltd.	-
10	Cherat Packaging Limited – Employees' Provident fund	0.17
11	Cherat Packaging Limited – Employees' Gratuity fund	-

**38.3** None of the key management personnel had any arrangement with the Company other than the employment contract.

**38.4** Investment out of provident fund has been made in accordance with the provisions of section 218 of the companies Act, 2017 and the rules formulated for this purpose.

### 39. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2021		2020	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees as at June 30,	251	222	254	221
Average number of employees during the year	253	222	242	216

**39.1** During the year, the Company made an expenditure of Rs. 3.41 million (2020: Rs. 1.29 million) in respect of staff recruitment, selection, hiring, rewarding, utilization, training and development of the human assets.

	2021		2020	
	Bags manufacturing division Bags '000	Flexible packaging division KGs '000	Bags manufacturing division Bags '000	Flexible packaging division KGs '000
Annual installed capacity as of June 30,	595,000	12,600	595,000	12,600
Actual production for the year	327,172	5,748	273,171	6,040

Capacity utilization is in line with the market demand during the year.

**41. DATE OF AUTHORIZATION**

These financial statements were authorized for issue on August 24, 2021 by the Board of Directors of the Company.

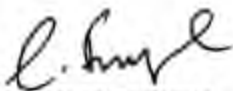
**42. DIVIDEND AND APPROPRIATIONS**

Subsequent to year ended June 30, 2021, the Board of Directors in its meeting held on August 24, 2021 has proposed final cash dividend @ Rs. 4 per share amounting Rs. 170.03 million (2020: Re. 1/- per share amounting to Rs. 42.51 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Re. 1/- per share amounting to Rs. 42.51 million (2020: Nil per share amounting to Rs. Nil) approved by the Board of Directors for the year ended June 30, 2021.

**43. GENERAL**

**43.1** Figures have been reclassified wherever necessary for better presentation.

**43.2** Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer



# Pattern of Shareholding

as at June 30, 2021

No. of Shareholders	Shareholding			Shares Held
	From	To	To	
305	1	to	100	12,511
343	101	to	500	99,888
209	501	to	1000	159,695
445	1001	to	5000	1,064,388
123	5001	to	10000	877,171
35	10001	to	15000	442,284
27	15001	to	20000	478,506
25	20001	to	25000	552,018
10	25001	to	30000	266,417
15	30001	to	35000	478,726
5	35001	to	40000	187,333
5	40001	to	45000	220,133
4	45001	to	50000	192,202
5	50001	to	55000	259,909
7	55001	to	60000	401,120
4	60001	to	65000	249,128
3	65001	to	70000	204,572
2	70001	to	75000	144,546
6	75001	to	80000	468,880
1	80001	to	85000	84,875
4	85001	to	90000	358,550
1	90001	to	95000	90,821
2	95001	to	100000	200,000
2	105001	to	110000	211,505
1	110001	to	115000	113,598
1	115001	to	120000	116,500
1	125001	to	130000	129,684
1	130001	to	135000	130,225
1	150001	to	155000	150,243
3	160001	to	165000	489,410
2	175001	to	180000	358,614
1	180001	to	185000	185,000
1	205001	to	210000	208,556
1	210001	to	215000	211,413
1	225001	to	230000	229,500
1	245001	to	250000	250,000
1	250001	to	255000	252,000
1	255001	to	260000	255,440
1	265001	to	270000	265,171
1	285001	to	290000	286,759
1	290001	to	295000	291,814
1	295001	to	300000	297,621
1	330001	to	335000	330,564
2	340001	to	345000	682,760
1	345001	to	350000	350,000
1	360001	to	365000	362,492
1	365001	to	370000	369,711
1	375001	to	380000	379,846
1	390001	to	395000	394,802
2	420001	to	425000	847,000
1	435001	to	440000	438,546
1	485001	to	490000	488,296
1	640001	to	645000	643,546
1	655001	to	660000	655,681
1	745001	to	750000	749,761
1	770001	to	775000	771,966
1	980001	to	985000	981,834
1	1185001	to	1190000	1,185,800
1	1465001	to	1470000	1,469,407
1	2110001	to	2115000	2,110,490
1	2135001	to	2140000	2,135,034
1	3120001	to	3125000	3,122,532
1	3840001	to	3845000	3,841,000
1	3910001	to	3915000	3,912,145
1	4355001	to	4360000	4,356,896
<b>1634</b>				<b>42,506,835</b>

# Categories of Shareholding

as at June 30, 2021

Shareholders' Category	No. of Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>			
MR. AKBARALI PESNANI	1	113,598	0.27
MRS. SAKINA PESNANI	1	12,347	0.03
MR. AMER FARUQUE	1	208,556	0.49
MRS. AMINA FARUQUE	1	330,564	0.78
MR. ASLAM FARUQUE	1	379,846	0.89
MR. SHEHRYAR FARUQUE	1	297,621	0.70
MR. ARIF DINO FARUQUE	1	655,681	1.54
MR. ABID VAZIR	1	110	0.00
MR. ALI H. SHIRAZI	1	1,518	0.00
MS. MALEEHA HUMAYUN BANGASH	1	1	0.00
<b>Associated Companies, undertakings and related parties</b>			
FARUQUE (PRIVATE) LIMITED	1	4,356,896	10.25
CHERAT CEMENT COMPANY LIMITED	1	3,122,532	7.35
MIRPURKHAS SUGAR MILLS LIMITED	1	2,110,490	4.97
GREAVES PAKISTAN (PRIVATE) LIMITED	1	2,135,034	5.02
<b>Executives</b>		19,700	0.05
<b>NIT &amp; ICP</b>	-	-	-
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>	2	574,626	1.35
<b>Insurance Companies</b>	7	10,505,901	24.72
<b>Modarabas and Mutual Funds</b>			
FIRST ALNOOR MODARABA	1	8,494	0.02
MCB FSL - TRUSTEE JS VALUE FUND	1	56,000	0.13
CDC - TRUSTEE JS LARGE CAP. FUND	1	52,200	0.12
CDC - TRUSTEE MEEZAN BALANCED FUND	1	40	0.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	73,000	0.17
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	180	0.00
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	161,847	0.38
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	21,900	0.05
MC FSL - TRUSTEE JS GROWTH FUND	1	229,500	0.54
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	4,021	0.01
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1	78,900	0.19
<b>General Public</b>			
a. Local	1,535	13,903,028	32.70
b. Foreign	15	766,843	1.80
<b>Foreign Companies</b>	1	2,000	0.00
<b>Others</b>	49	2,323,861	5.47
<b>TOTAL</b>	<b>1,634</b>	<b>42,506,835</b>	<b>100.00</b>
<b>Shareholders holding 10% or more</b>		<b>Shares Held</b>	<b>Percentage</b>
FARUQUE (PRIVATE) LIMITED		4,356,896	10.25

13- ممبر ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں برائے مہربانی درج ذیل معلومات پر کر کے کمپنی کے صدر دفتر میں سالانہ اجلاس عام کے انعقاد سے سات (7) دن قبل جمع کرادیں۔ اگر کمپنی ایسے ممبران سے جو 10% یا اس سے زیادہ شیئرز کے حامل ہوں اور ایک ہی جغرافیائی مقام پر رہتے ہوں اور ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنا چاہتے ہوں تو اجلاس کی تاریخ سے سات دن قبل کمپنی اس شہر میں ویڈیو کانفرنس کا انتظام کر دے گی بشرطیکہ اس شہر میں یہ سہولت موجود ہو۔

میں / ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ بحیثیت ممبر/چھرات پیکجنگ لینڈز، حامل \_\_\_\_\_  
 عمومی شیئر (ز) بمطابق رجسٹرڈ فولیو نمبر \_\_\_\_\_ پر ویڈیو کانفرنس کی سہولت کا انتخاب کرتا ہوں / کرتے ہیں۔

### کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

اسٹیٹمنٹ میں "خصوصی امور" سے متعلق مادی حقائق بیان کئے گئے ہیں جو 21 اکتوبر 2021 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں زیر بحث لایا جائے گا۔ کمپنی کے ممبران سے اس کی منظوری حاصل کی جائے گی۔

مالی سال 30 ستمبر 2021 کے دوران میں کمپنی نے اپنی لاسوی اینڈ کمپنیز اور متعلقہ پارٹنرز کے ساتھ اپنی پالیسیز اور لاگو قوانین اور ضوابط کے مطابق لین دین کیا۔ متعلقہ پارٹنرز کے ساتھ لین دین کے لئے کمپنیز ایکٹ 2017 کے سیکشنز 207 اور 208 کے تحت شیئر ہولڈرز کی منظوری حاصل کرنا لازمی ہے۔ ایسے لین دین کو شیئر ہولڈرز کی منظوری کے لئے خصوصی قرارداد کے ذریعے ان کے سامنے پیش کیا جا رہا ہے جو سالانہ اجلاس عام میں پاس کرنے کے لئے تجویز کی گئی ہے۔

شیئر ہولڈرز سے درخواست ہے کہ لین دین کی توثیق کریں جو مالیاتی اسٹیٹمنٹس برائے سال 30 ستمبر 2021 کے نوٹ نمبر 38 میں واضح کی گئی ہے نیز بورڈ آف ڈائریکٹرز کو متعلقہ پارٹنرز یا لاسوی اینڈ کمپنیز کے ساتھ سال 30 ستمبر 2022 کے لئے لین دین کی انجام دہی کا پورا قرار دیں۔

لین دین کے لئے پارٹی کی لحاظ سے بریک اپ مالیاتی اسٹیٹمنٹس برائے سال 30 جون 2021 کے نوٹ نمبر 38 میں واضح کیا گیا ہے جو درج ذیل ہے:

رقم (روپے 000)	لین دین کی نوعیت	متعلقہ کمپنی کا نام
6,245	اداشدہ ڈیویڈنڈ	چھرات سیٹم کمپنی لینڈز
5,328	وصول شدہ ڈیویڈنڈ	
2,819	سلمان کی خریداری	
2,442,229	پیکجنگ میٹریل کی فروخت	
31,202	فکٹرز میں کنٹری بیوشن	ڈسپلائز پروڈکٹ اینڈ گریجویٹ فکٹ
8,714	اداشدہ ڈیویڈنڈ	فادون (پرائیویٹ) لینڈز
35,606	وصول شدہ خدمات	
29,988	فکٹرز میٹریل کی خریداری	گریونڈ ٹکنالوجی (پرائیویٹ) لینڈز
35	سلمان کی خریداری	
14,991	وصول شدہ خدمات	
4,270	اداشدہ ڈیویڈنڈ	گریونڈ پاکستان (پرائیویٹ) لینڈز
105,235	فکٹرز میٹریل کی خریداری	
769	سلمان کی خریداری	
36	وصول شدہ خدمات	
12,156	انسورنس پرییم	جھلی جزل انسورنس کمپنی لینڈز
162,751	مشاہرے	کی (Key) سٹیٹمنٹ پرنٹ
4,221	اداشدہ ڈیویڈنڈ	میرپور خاص شوگر مل لینڈز
3,367	پیکجنگ میٹریل کی فروخت	
14,999	سافٹ ویئر کنسلٹنگ چارجز	زین سوفٹ (پرائیویٹ) لینڈز

1- کینیڈا کے ممبران کا رجسٹر جمعہ 15 اکتوبر 2021 تا جمعرات 21 اکتوبر 2021 (بشمول دونوں ایام) بند رہے گا اور اس وقت کے دوران کوئی ٹرانسفر رجسٹر نہیں کیا جائے گا۔ کینیڈا کے شیئر رجسٹرار ہیرز سی ڈی سی شیئر رجسٹرار سرورمز لینڈ (سی ڈی سی ایس آر ایس لن) کے دفتر، سی ڈی سی ہاؤس، 99 بی، بلاک بی، ایس ایم سی ایچ ایس مین شارع فیصل کراچی 74400 میں جمعرات 14 اکتوبر 2021 کو کاروباری اوقات کے اختتام تک درست صورت میں موصول ہونے والے شیئرز درج بالا اہلیت کے لئے بروقت تصور ہوں گے۔

2- کینیڈا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے، بولنے اور ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے موثر ہونے کے لئے لازمی ہے وہ تحریری ہو اور کینیڈا کے صدر دفتر کو اجلاس شروع ہونے سے 48 گھنٹے پہلے موصول ہو جائے۔

3- کینیڈا کے شیئر ہولڈرز، جن کے شیئرز سینٹرل ڈپازٹری سسٹم (سی ڈی ایس) کے ساتھ ان کے اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ ہیں، ان سے درخواست ہے کہ وہ تصدیق کے لئے اصل کینیڈا قومی شناختی کارڈ مع سی ڈی ایس میں اپنا اکاؤنٹ نمبر اور شرکا کا آئی ڈی نمبر ساتھ لائیں۔

4- کینیڈا کے شیئر ہولڈرز سے درخواست ہے کہ اپنے پتے میں کسی تبدیلی کی اطلاع فوری طور پر کینیڈا کے شیئر رجسٹرار کو فراہم کریں۔

5- جن شیئر ہولڈرز نے اپنے کارآمد کیوبڈ ٹرانزیکشنل قومی شناختی کارڈ کی فوٹو کاپی ابھی تک جمع نہیں کرائی ہے، ان سے درخواست ہے کہ وہ یہ کاپی کینیڈا کے شیئر رجسٹرار کو بھیج دیں۔

6- کینیڈا ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ کینیڈا کو اپنے فزیکل شیئرز ایک مقررہ طریقے سے ایس ای سی پی کی مقرر کردہ تاریخ سے یک ایتری کی شکل میں تبدیل کرنا ہوں گے۔ اس لئے ان شیئر ہولڈرز سے جن کے پاس فزیکل شیئرز ہیں، درخواست ہے کہ اپنے فزیکل شیئرز کو بنا رسید (اسکرپ لیس) شکل میں تبدیل کرنے کے لئے کسی بھی بروکر کے ساتھ سی ڈی ایس سب اکاؤنٹ یا براہ راست سی ڈی ایس کے ساتھ انویسٹمنٹ اکاؤنٹ کھولیں تاکہ ان کے فزیکل شیئرز CDC میں براہ راست بلا سواہ شکل میں درج ہو جائیں۔

7- شیئر ہولڈرز کو یاد دہانی کرائی جاتی ہے کہ کینیڈا ایکٹ 2017 کے سیکشن 242 کے مطابق کینیڈا ہونے کی صورت میں کینیڈا کی جانب سے اعلان کردہ نقد منافع منقسم کی رقم لازمی طور پر الیکٹرونک ذریعے سے براہ راست شیئر ہولڈرز کے بینک اکاؤنٹ میں جمع کرائی جائے۔ شیئر ہولڈرز سے درخواست ہے کہ اپنا منافع منقسم براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کے لئے ای ڈیویڈنڈ منسٹریٹ فارم پر کریں جو کینیڈا کی ویب سائٹ [www.gfg.com.pk](http://www.gfg.com.pk) پر دستیاب ہے اور اس پر دستخط کر کے ای این آئی سی کی کاپی کے ساتھ فزیکل شیئر ہونے کی صورت میں کینیڈا کے رجسٹرار ہیرز سی ڈی سی شیئر رجسٹرار سرورمز لینڈ کو بھجوائیں۔ اگر شیئرز سی ڈی ایس میں ہیں تو ای ڈیویڈنڈ منسٹریٹ فارم براہ راست شیئر ہولڈرز کے بروکر / شریک / سی ڈی ایس اکاؤنٹ سرورمز کے پاس جمع کرایا جائے۔ آئی بی لے این جمع نہ کرانے کی صورت میں کینیڈا (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 کے تحت کینیڈا ڈیویڈنڈ کی ادائیگی روک لے گی۔ نیز مجموعی ڈیویڈنڈ، ٹیکس / ڈکویٹ کی کٹوتی اور ڈیویڈنڈ کی حاصل رقم کے بارے میں معلومات سینٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (سی ڈی آر) کے ذریعے فراہم کی جائے گی۔ لہذا شیئر ہولڈرز کو چاہئے کہ وہ خود کسی ڈی سی کے ای سرورمز پورٹل <https://eservices.cdcaaccess.com.pk> پر رجسٹر کروائیں۔

8- کینیڈا ایکٹ 2017 کے سیکشن 244 کی پیروی میں جب کینیڈا ایک مارجن مقررہ کارروائی مکمل کر لے گی تو کسی غیر کلیم شدہ ڈیویڈنڈ اور / یا شیئرز جو واجب الادا تاریخ سے تین سال یا اس سے زیادہ کی مدت گزرنے کے بعد بھی واجب الادا ہوں، اور قابل ادائیگی ہوں، تو وہ وفاقی حکومت کے پاس (ڈیویڈنڈ ہونے کی صورت میں) جمع کرا دیے جائیں گے یا ایس ای سی پی کو (فزیکل شیئر ہونے کی صورت میں) بھجوائے جائیں گے۔ جو شیئر ہولڈرز کسی وجہ سے اپنے ڈیویڈنڈ / شیئرز حاصل نہ کر سکے ہوں، ان کو ہدایت کی جاتی ہے کہ وہ اپنے غیر کلیم شدہ ڈیویڈنڈ یا شیئر، اگر کوئی ہے، حاصل کرنے یا ان کے بارے میں معلومات حاصل کرنے کے لئے کینیڈا کے شیئر رجسٹرار ہیرز سی ڈی سی شیئر رجسٹرار سرورمز لینڈ (سی ڈی ایس آر ایس لن)، سی ڈی سی ہاؤس، 99 بی، بلاک بی، ایس ایم سی ایچ ایس مین شارع فیصل کراچی 74400 پر رابطہ کریں۔

9- تمام شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ فعال ٹیکس گزاروں کی فہرست (اے ٹی لن) میں اپنی کیفیت چیک کریں جو ایف بی آر کی ویب سائٹ پر دستیاب ہے اور اگر ضرورت ہو تو اے ٹی لن میں اپنے نام کی شمولیت کے لئے ضروری کارروائی کریں۔ اگر کسی شخص کا نام اے ٹی لن میں شامل نہیں ہوگا تو لاگو ٹیکس کی شرح سو فیصد زیادہ ہو جائے گی۔

10- جوائنٹ اکاؤنٹ ہونے کی صورت میں برائے مہربانی ہر اکاؤنٹ ہولڈر کے شیئرز کا تناسب اور اے ٹی لن میں انفرادی کیفیت کے بارے میں مطلع کریں۔

11- ڈیویڈنڈ کی آمدنی سے دو ہولڈنگ ٹیکس سے استثنیٰ کی صورت میں اجازت ہوگی جب ٹیکس سے استثنیٰ کا کارآمد سرٹیفکیٹ سی ڈی سی رجسٹرار سرورمز لینڈ کو کتاب کی بندش کے پہلے روز تک مہیا کر دیا جائے گا۔

12- بحوالہ ایس ای سی پی کے جاری کردہ ایس آر 7870 (1) 2014 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس اور اجلاس عام کی اطلاع بذریعہ ای میل منگوائیں۔ کینیڈا کے شیئر ہولڈرز سے گزارش ہے کہ وہ ہمارے کارڈ کو اپ ڈیٹ رکھنے کے لئے کینیڈا کے صدر دفتر کو اپنی رضامندی سے آگاہ کریں کہ آیا وہ سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس اور اجلاس عام کا نوٹس اپنے ای میل کے ذریعے وصول کرنا چاہتے ہیں۔ تاہم اگر شیئر ہولڈر اس کے علاوہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی ہارڈ کاپی بھی حاصل کرنا چاہتے ہیں تو وہ ان کو اس کے لئے تحریری درخواست موصول ہونے کے سات (7) دن کے اندر بھجوانی چاہئے گی۔

# اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ چیراٹ پیکیجنگ لمیٹڈ کا 328 واں سالانہ اجلاس عام بروز جمعرات 21 اکتوبر 2021 دن 00-11 بجے درج ذیل امور کی انجام دہی کے لئے کمپنی کے رجسٹرڈ دفتر واقع چٹانی آرکیڈ، جمرو روڈ، پشاور میں منعقد ہوگا۔

## عمومی امور

- 1- کمپنی کے آڈٹ شدہ حسابات برائے سال محترمہ 30 جون 2021 مع ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا اور ان پر غور کرنا۔
- 2- حتمی نقد منافع منقسمہ کی بحساب 40% (4.00 روپیہ فی شیئر) کی ادائیگی پر غور کرنا اور اس کی منظوری دینا۔ یہ عبوری نقد منافع منقسمہ بحساب 10% (1.00 روپیہ فی شیئر) کے علاوہ ہے جو بورڈ آف ڈائریکٹرز کی سفارشات پر پہلے ہی شیئر ہولڈرز کو برائے مالی سال محترمہ 30 جون 2021 ادا کیا جا چکا ہے۔
- 3- سال 2021/22 کے لئے آڈیٹرز کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔
- 4- چیئرمین کی اجازت سے کسی اور امور کی انجام دہی۔

## خصوصی امور

- 5- درج ذیل قرارداد پر بطور خصوصی قرارداد غور کرنا اور منظوری دینا  
(ا) "طے پایا کہ متعلقہ پارٹنر اور لیسو سی اینڈ کمپنیز کے ساتھ سال محترمہ 30 جون 2021 کے دوران میں کاروبار کے معمولات میں کئے گئے لین دین کی جیسا کہ مالیاتی اسٹیٹمنٹس کے نوٹ 38 میں ظاہر کیا گیا ہے، توثیق کی جاتی ہے اور منظور کیا جاتا ہے۔"
  - (ب) "مزید طے پایا کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے آئندہ سال کے دوران میں متعلقہ پارٹنر اور لیسو سی اینڈ کمپنیز کے ساتھ کاروبار کے معمولات میں کئے جانے والے لین دین کی منظوری کے لئے مجاز ہے اور ہوگا"
- درج بالا خصوصی قرارداد سے متعلق کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت ایک اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک ہے۔

محکم بورڈ آف ڈائریکٹرز

عابد وزیر  
ڈائریکٹر اور کمپنی سیکرٹری

کراچی 24 اگست 2021

## • خدشات کی جانچ

کاروبار کو متعدد غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ ہو سکتے ہیں اور اگر ان کا بندوبست نہ کیا جائے تو ایسے نقصانات ہو سکتے ہیں جن سے بچا جاسکتا تھا۔ کمپنی کے بورڈ آف ڈائریکٹرز نے اندرونی اور بیرونی دونوں طرح کے خدشات کی جانچ کی جو کمپنی کو درپیش ہو سکتے ہیں۔ خام مال کی بڑھتی ہوئی قیمتیں کمپنی کے لئے سب سے پہلا خدشہ ہیں۔ پاکستانی روپے کی قدر میں کمی نے اس خدشے کو دوچند کر دیا ہے۔ اس کے منفی اثرات کو ختم کرنے کے لئے کمپنی نے اپنے بنیادی بین الاقوامی سپلائرز کے ساتھ حکمت عملی کے تعلقات استوار کئے اور بروقت گفت و شنید، پیشگی آرڈرز اور بروقت ڈیلیوری کو یقینی بنایا۔ کمپنی کو درپیش ایک اور خدشہ خام مال کی دستیابی کا ہے۔

## • قرضوں کی واپس ادائیگی

کمپنی نے اپنے تمام واجبات بروقت ادا کئے ہیں۔ اسٹیٹ بینک آف پاکستان نے کمپنیز کو اجازت دی ہے کہ وہ ایک سال کے اندر واجب الادا اپنے طویل المدت قرضہ جات کی اصل رقم کی ادائیگی کو موخر کر دیں تاکہ ان کو اپنی کریڈٹ ہسٹری پر اثر انداز ہونے سے بچ سکیں۔ 19 کے مالیاتی اثر پر قابو پانے میں مدد ملے۔ اگرچہ کمپنی نے اپنے کلسڈ 6 سٹیٹس ری فنانس لون II، IV اور V کے لئے اصل رقم کی ادائیگی کو موخر کرنے کی سہولت حاصل کی ہے تاہم اس نے کلسڈ 6 سٹیٹس ری فنانس لون II کی موخر شدہ اصل رقم کی سال 2020/21 میں ادائیگی کر دی ہے۔ اس کے علاوہ کمپنی نے اسٹیٹ بینک آف پاکستان کی انتہائی سابقہ شرح سود پر پیش کردہ ریج ٹرانسنگ اسکیم کی سہولت بھی حاصل کی۔

## • کیپیٹل اسٹریکچر

کمپنی کے لیکویڈیٹی کے موجودہ قرضہ جات کی شرح تقریباً 32:68 ہے۔ کمپنی کے مستقل منافع حاصل کرنے کی بنا پر شرح کی تبدیلی بہتر ہو رہی ہے۔ پوری مچھلتی کے استعمال کے بعد اس میں مزید بہتری آئے گی۔

## • مستقل کے معاملات

کمپنی آنے والے سال کے لئے ذہنی طور پر بہت پر امید ہے۔ کثیر الاقسام ویکسپنڈی ڈیولپمنٹ اور ان کے مرحلہ وار سامنے آنے سے اگلے سال صحت بخش ہمیشگی کی امید پیدا ہو گئی ہے۔ کوڈ-19 کے پھیلاؤ کو روکنے اور معیشت کو سہارا دینے کے لئے حکومتی اقدامات کے باوجود اگلا سال بھی ملک کے لئے چیلنج والا ہو گا کیونکہ اس وقت بھی حکومت اقراط زر میں اضافے کے نمایاں دباؤ کو خاطر میں لائے بغیر معاشی ترقی کو حوصلہ افزا بنانے کا مشکل کام درپیش ہے۔

موجودہ کاروبار میں سرمایہ کاری اور ہیکسٹنگ کے نئے شعبہ جات میں توجہ لانے سے کمپنی نہ صرف سینٹ کے شعبہ میں بلکہ دیگر صنعتوں جیسے ایف ایم سی جی کے شعبہ سے بھی ہیکسٹنگ میٹریل کی طلب پوری کرنے کی پوزیشن میں آگئی ہے۔ اس حکمت عملی کے نتیجے میں ہم اپنے طویل مدت کے مقصد یعنی ہیکسٹنگ کے شعبہ میں کامیاب کردار ادا کرنے سے بھی ہم آہنگ ہو گئے ہیں۔ سینٹ ہیکسٹنگ کی بڑھتی ہوئی طلب کے عرصے میں، کمپنی اپنا مارکیٹ شیئر بڑھانے اور بڑے پیمانے کی معیشت ہونے کا ہدف پورا کرنے کے لئے پرعزم ہے۔

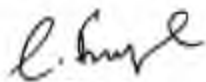
حال ہی میں بین الاقوامی مال برداری اور اہم اشیاء جیسے آئل کی قیمتوں میں اضافہ زر کاروبار چیلنج کیا جس سے کمپنی کی پروڈکشن کی لاگت پر اثر پڑا۔ عالمی سطح پر کرافٹ تیار اور پولی پروڈکٹس کی قلت اور قیمت میں اضافہ کمپنی کے لئے چیلنج کے بڑے شعبہ رہے۔ تاہم کمپنی میرمز مونڈی ہیکسٹنگ اور سیک کی جانب سے حاصل ہونے والے تعاون کے لئے شکریہ ادا کرتی ہے۔ اس کے علاوہ لیول کی قیمتوں میں اضافے کے نتیجے میں اندرون ملک نقل و حمل کے اخراجات میں تیزی سے اضافہ ہوا۔ حکومت نے بجلی کے نرخ بھی بڑھا دیئے ہیں جس سے پروڈکشن کی لاگت میں اضافہ ہو گیا ہے۔ اپنے بجلی کے اخراجات کو کم کرنے کے لئے کمپنی اپنے فیکٹس ریل ہیکسٹنگ ڈویژن پر 0.96 MW کے سولر پنل نصب کر رہی ہے۔ اس کے علاوہ کمپنی جون 2020 سے پختونخوا انرجی ڈیولپمنٹ آرگنائزیشن (پی ای ڈی او) سے ویسلنگ ریجیم انرجی پراجیکٹ گریڈنٹ کے تحت تقریباً ایک میگا واٹ بجلی تحفیف شدہ قیمت پر حاصل کر رہی ہے۔ ان غیر یقینی حالات کے عرصے میں آپ کی کمپنی صورتحال کا گہرائی سے معائنہ کر رہی ہے اور اپنے اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے مناسب اقدامات کرتی رہے گی۔ ویسے بعض میکرز آئناک خدشات موجود ہیں جو وقت گزرنے کے ساتھ ساتھ واضح ہوتے جائیں گے۔

## • گورنرز کا تقرر

موجودہ گورنرز میرمز ای وائی فورڈ ریلوڈس، چارٹرڈ اکاؤنٹنٹس ریناڑ ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرر کے لئے پیش کیا ہے۔

## • اعتراف

انتظامیہ اپنے تمام صدقین، مالیاتی اداروں، اسٹاک میگزین، سپلائرز اور شیئر ہولڈرز کے شکر گزار ہیں جو اپنے تعاون اور معاونت کے ساتھ کمپنی سے شلک ہیں۔ ہم مونڈی ہیکسٹنگ اور ونڈ سولر اینڈ ہوٹل کے تعاون اور مدد کے لئے خاص طور پر شکریے کا اظہار کرتے ہیں۔



عامر فاروقی  
چیف ایگزیکٹو



اکبر علی پٹانی  
چیئرمین

کرچی 24 اگست 2021

- شیئر ہولڈنگ کا طرز اس رپورٹ کے ساتھ منسلک ہے۔
- سال کے دوران میں فی شیئر آمدنی (ای پی ایس) 20.12 روپے ہوئی جبکہ گزشتہ سال 1.65 روپے ہوئی تھی۔

#### ڈائریکٹرز کا مشاہرہ

کمپنی کے ڈائریکٹرز کے ذریعے بورڈ آف ڈائریکٹرز وقتاً فوقتاً نان ایگزیکٹو اور خود مختار ڈائریکٹرز کا مشاہرہ مقرر کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے کمپنی کے نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے لئے ایک مشاہرہ پالیسی تشکیل دی ہے۔ ڈائریکٹرز کے مشاہرے کی تفصیلات مالیاتی اسٹیٹمنٹ برائے سال اختتامیہ 30 جن 2021 کے نوٹ 37 میں ظاہر کی گئی ہیں۔

#### بورڈ بورڈ کمپنیز کی کارکردگی کی سالانہ جانچ

کمپنی کوڈ آف کارپورٹ گورننس کے حصے کے طور پر بورڈ آف ڈائریکٹرز اس کی کمپنیز اور انفرادی طور پر ڈائریکٹرز کی سالانہ جانچ کا اہتمام کرتی ہے۔ پرمشورہ سوالنامہ موصول ہونے پر کمپنی سیکرٹری انتہائی رازداری سے کام لیتے ہیں۔ طریقہ کار کی شفافیت کو یقینی بنانے کے لئے کمپنی نے سب سے گراں قدر امور جن انجمن رومن، چارٹرڈ اکاؤنٹنٹس کی خدمات حاصل کی ہیں جو نتائج مرتب کرنے اور بورڈ آف ڈائریکٹرز کے لئے رپورٹ تیار کرنے کے ذمہ دار ہیں۔ رپورٹ کے مواد کی جانچ کی جاتی ہے اور ان ایریز کی نشاندہی کی جاتی ہے جہاں بہتری کی ضرورت ہو۔

#### حفظ پارٹنرز کے ساتھ لین دین

متعلقہ پارٹنرز کے ساتھ تمام لین دین ایک مقررہ حدود کے تحت انجام دیئے جاتے ہیں جن کو کمپنی کے مالیاتی اسٹیٹمنٹس میں مناسب طور پر ظاہر کیا جاتا ہے۔

#### کوڈ آف کارپورٹ گورننس پر عمل درآمد کا اسٹیٹمنٹ

کمپنی سنڈیکیشنز (کوڈ آف کارپورٹ گورننس) ریگولیشنز 2019 پر پوری طرح عمل پیرا ہے۔ عمل درآمد کا اسٹیٹمنٹ رپورٹ کے متعلقہ سیکشن کے تحت فراہم کیا گیا ہے۔

#### یوٹی ایزی لینڈ

یوٹی ایزی۔ دنڈ پاور پروجیکٹ کا ایک جو اعلیٰ دستہ ہے، جس کو لیٹر آف انٹنٹ عطا کیا گیا ہے اور پروجیکٹ کے سیٹ اپ کے لئے جمبھی، ضلع قلعہ میں باقاعدہ زمین لات کی گئی ہے۔ بے وی پائرسز نے پروجیکٹ کی جاری مالیاتی ضروریات پورا کرنے کے لئے کمپنی میں ابتدائی ڈیکوٹی سہاہہ کاری کی ہے۔ اس سلسلے میں چیراٹ پیکیجنگ نے اپنے شیئر ہولڈرز کی منظوری حاصل کر کے 4.62 ملین روپے کی ڈیکوٹی سہاہہ کاری کی۔ حکومت نے پروجیکٹ کے لئے اب تک کسی نرخ نامے کا اعلان نہیں کیا ہے۔

#### خوداشتادگی

• خوداشتادگی اور ان کا بندوبست  
بورڈ آف ڈائریکٹرز نے سماجی باحوالیات اور اس کے نتیجے میں اندرونی اور بیرونی خوداشتادگی پر گہری نظر رکھی جو کمپنی کے آپریشنز کو رواں رکھنے اور کارکردگی پر اثر انداز ہو سکتے تھے۔ اسٹیک ہولڈرز کے مفادات کے نگہبان کے طور پر ڈائریکٹرز نے سال بھر میں خوداشتادگی کی نشاندہی کرنے اور ان کو ختم کرنے کے لئے چوکنا ہو کر کام کیا۔ بورڈ آف ڈائریکٹرز نے ممکنہ خوداشتادگی کی نشاندہی کی اور کمپنی پر ان کے اثرات کی جانچ کرتے ہوئے کاروبار کے لئے خوداشتادگی کو ختم کرنے کی حکمت عملی تشکیل دی۔ اس حکمت عملی کو آؤٹ کسٹی کے ذریعے کمپنی کے تمام مقدمات پر مانیٹر کیا گیا۔

- 2
- (ج) ایگزیکٹو ڈائریکٹرز
- جناب عامر فاروق
  - جناب عابد وزیر

- 1
- (د) خاتون ڈائریکٹر
- مس ملیہ ہمایوں گلش

- سال کے دوران میں بورڈ آف ڈائریکٹرز کی سات میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	میٹنگز میں حاضری
جناب اکبر علی پستانی	7
جناب عامر فاروق	7
جناب اسلم فاروق	7
جناب شہریار فاروق	7
جناب عارف فاروق	7
جناب عابد نقوی*	2
جناب علی انجک شیرازی	7
جناب عابد وزیر	7
جناب شیر افضل خان حزاری**	5
مس ملیہ ہمایوں گلش**	5

- \* جناب عابد نقوی 26 اکتوبر 2020 کو بورڈ سے رٹائر ہو گئے

- \*\* جناب شیر افضل خان حزاری اور مس ملیہ ہمایوں گلش 26 اکتوبر 2020 کو بطور ڈائریکٹر منتخب ہوئے۔

- رواں سال کے آؤٹ کسٹی کی چارجلاس منعقد ہوئے۔ ہر ممبر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	میٹنگز میں حاضری
جناب عابد نقوی*	2
جناب عارف فاروق	4
جناب شہریار فاروق	4
جناب علی انجک شیرازی*	2

- \* جناب عابد نقوی 26 اکتوبر 2020 کو بورڈ سے رٹائر ہو گئے، ان کی جگہ جناب علی انجک شیرازی ممبر منتخب ہوئے۔

- سال کے دوران میں یو من رسورس اینڈ ریسورسین کمپنی کی تین میٹنگز ہوئیں۔ ہر ممبر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	میٹنگز میں حاضری
جناب شیر افضل خان حزاری	3
جناب اسلم فاروق	3
جناب عامر فاروق	3

## ادائیگی سماجی ذمہ داری

- مالیاتی اسٹیٹمنٹ کی تیاری میں درست اکاؤنٹ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹس کے تختے موزوں اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالیاتی اسٹیٹمنٹ پاکستان میں لاگو انٹرنیشنل فنانس رپورٹنگ اسٹینڈرڈز کے مطابق تیار کئے گئے ہیں اور کسی تحریف کو مناسب طریقے سے ظاہر اور واضح کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔

کمپنی معاشرے میں تمام اسٹیک ہولڈرز خاص طور پر لوگوں اور ماحولیات کے مفاد کے لئے اپنا کردار ادا کرنے میں پرعزم ہے۔ اپنی اجتماعی سماجی ذمہ داری کی پالیسیز کے مطابق، کمپنی ہمیشہ اپنے مینوفیکچرنگ پلانٹس اور اس کے گرد و نواح کے علاقوں میں رہنے والے لوگوں کی مجموعی صورتحال کو بہتر بنانے کے لئے کوشاں ہے۔ کووڈ-19 کے پھوٹ پڑنے کے بعد کمپنی نے ضرورت مندوں کی مدد اور ضروری تعاون فراہم کرنے کے لئے ان تک رسائی حاصل کی۔ کمپنی مختلف فلاحی اداروں کو اور سماجی مقاصد کے لئے تعاون پیش کرتی رہتی ہے جو اس کا وٹن ہے، یعنی بہتر ماحول، بہتر معیشت اور بہتر پاکستان

## تحفظ، صحت اور ماحولیات

- کاروبار جاری رکھنے میں کمپنی کی صلاحیت پر کوئی نمایاں شبہ نہیں ہے۔
- کارپورٹ گورننس کے بہترین معمولات سے کوئی مادی اعراض نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا گلیڈی آپریٹنگ اور فنانسنگ ڈیٹا مختصر صورت میں منسلک ہے۔
- آپ کی کمپنی کے ڈسٹریکشن، ڈیولپمنٹ، ٹیور اور چارجز کی مد میں کوئی واجبات نہیں ہیں، سوائے اس کے جو عام کاروباری معمولات میں جاری رہتے ہیں۔
- کمپنی اپنے ملازمین کے لئے پرائیویسی اور گریجویٹ فنڈز کا حساب رکھتی ہے۔ فنڈز کی سرمایہ کاری کی قدر بمطابق 30 جون 2021 درج ذیل ہے:

کمپنی اپنے لوگوں کی صحت اور تحفظ میں اعلیٰ معیارات پر قرار رکھنے پر پختہ یقین رکھتی ہے۔ کمپنی نے کووڈ-19 کے باعث کاروبار کی بدلتی ضروریات کے مطابق صحت اور ملازمین کے تحفظ کے لئے اقدامات کئے تاکہ تمام عملے کو وائرس سے ہر ممکن حد تک حفاظت کو یقینی بنایا جاسکے۔ اس سلسلے میں کمپنی اپنے تمام عملے کو ویکسینیشن کروانے کی حوصلہ افزائی کرتی ہے اور اب تک تقریباً تمام اسٹاف نے ویکسین کی کم از کم ایک خوراک لگوائی ہے۔ پھر سٹاف کے اسٹاف کو ذاتی تحفظ کا سامان فراہم کیا گیا اور کمپنی نے سماجی فاصلے، اپنا تک شخصوں وغیرہ کے اقدامات متعارف کروائے تاکہ ملازمین کی سہولت اور کاروبار کے تسلسل کو یقینی بنایا جاسکے۔ کمپنی نے ضرورت کے مطابق اپنے خرچ پر اسٹاف کے کووڈ ٹیسٹ کروانے اور ان کو گھر سے کام کرنے کی اجازت دی۔

کمپنی کی پروفیکشن فیسیلیٹیز میں انڈسٹری کے جاری معیارات کے مطابق تحفظ کے اقدامات کئے گئے ہیں۔

پرائیویسی فنڈ 213 ملین روپے

گریجویٹ فنڈ 108 ملین روپے

## یورو آف ڈائریکٹرز

یورو میں ڈائریکٹرز کی کل تعداد نو ہے۔ اس کی ترتیب درج ذیل ہے:

- مرد ڈائریکٹرز 8
- خاتون ڈائریکٹرز 1

(ا) خود مختار ڈائریکٹرز

- جناب علی انصاری شیرازی
- جناب شیر افضل خان حزاری
- مس ملیحہ ہمایوں بخش

(ب) نان ایگزیکٹو ڈائریکٹرز

- جناب اکبر علی پستانانی
- جناب اسلم فاروق
- جناب شہزاد فاروق
- جناب عارف فاروق

کمپنی کا ایک مخصوص ایچ ایس ای ڈی پارٹنٹ ہے جو ایچ ایس ای کے مقاصد کے نفاذ کی نگرانی کرتا ہے۔ ڈی پارٹنٹ نہ صرف ایچ ایس ای کے بہترین معمولات پر عمل درآمد کو یقینی بناتا ہے بلکہ اسٹاف کی باقاعدہ سیفٹی ٹریننگ کا اہتمام بھی کرتا ہے۔ کمپنی کے ایچ ایس ای کے معیار کی سختی سے نفاذ کے باعث سال کے دوران میں کوئی بڑا حادثہ رونما نہیں ہوا۔

## قومی خدمت میں حصہ

سال کے دوران میں کمپنی نے ٹیکسز، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی شکل میں حکومت کے خزانے میں 3 ملین روپے سے زیادہ رقم جمع کرائی۔

## ادائیگی اور مالیاتی رپورٹنگ لبریم ورک

• مالیاتی اسٹیٹمنٹ کمپنی کی انکوائری نے تیار کئے ہیں جن میں اس کے شفاف کاروباری امور اور معاملات، اس کے آپریٹرز کے نتائج، نقد کا بہاؤ اور لیکویڈٹی میں تبدیلیوں کو ظاہر کیا گیا ہے

• کمپنی کے کھاتے کی باقاعدہ کتابوں کو مناسب طریقے سے رکھا گیا ہے۔

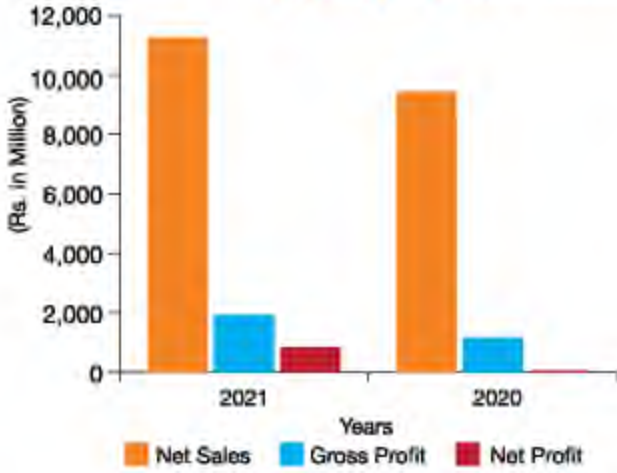


# چیراٹ پیکیجنگ لمیٹڈ

برائے سال اختتامیہ 30 جون 2021

بورڈ آف ڈائریکٹرز بسرت آپ کے لئے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے سال اختتامیہ 30 جون 2021 پیش کرتے ہیں۔

موجودہ گزشتہ سال کی مالیاتی جھلکیاں درج ذیل ہیں:



عمومی جائزہ

گزشتہ سال کو روٹا وائرس کی وبا کے منفی اثرات کی وجہ سے پوری دنیا کے لئے بہت چیلنج والا سال تھا۔ دنیا بھر کے دیگر ممالک کی طرح پاکستان کی معاشی ترقی میں بھی بہت سی رکاوٹیں آئیں۔ تاہم حکومت کی جانب سے کووڈ-19 کے پھیلاؤ کو روکنے اور معیشت کو سہارا دینے کے لئے کیے گئے ہر وقت اقدامات سے 2021 کا منظر نامہ کم خطرناک رہا اور ملک کی معاشی ترقی کا سفر شروع ہوا۔

کاروباری جائزہ

معاشی ہنگامہ خیزی کے سال میں چیراٹ پیکیجنگ نے اپنے صارفین کے لئے فیر معمولی کارکردگی کا مظاہرہ کیا اور ایک مضبوط کارکردگی فراہم کی۔ زیر جائزہ سال کے دوران میں ملک میں سینٹ کی تاریخی کچھت سے کمپنی کے تیار کردہ سینٹ بیگز کی فروخت پر مثبت اثر مرتب کیا۔ سال کے دوران میں کمپنی کے لگھوار پیکیجنگ میٹریل کی فروخت ہونے والے حجم میں اضافہ ہوا۔ سب سے زیادہ متنوع پیکیجنگ پروڈکٹس پیش کرنے والے کی حیثیت سے کمپنی نے کرافٹ پیپر اور پولی پروپیلین گریڈوں سے بنے ہوئے سینٹ بیگز تیار کیے اور فراہم کیے۔ کمپنی نے چینی، کیمیکلز اور دیگر متعلقہ شعبہ جات کے لیے بھی اعلیٰ معیار کے بیگز فراہم کیے۔ درج بالا کے علاوہ کمپنی نے اپنے قابل قدر صارفین کو لگھوار پیکیجنگ میٹریل بھی فراہم کیے کیونکہ ہمارا مقصد نیا کسٹمرز میں بشمول ایف ایم سی جی سیکٹرز کو بھی مدد دینا تھا۔ اس کے نتیجے میں کمپنی اپنی آمدنی کو گزشتہ سال سے زیادہ بڑھانے میں کامیاب ہو گئی۔

مالیاتی کارکردگی

زیر جائزہ سال کے دوران میں فروخت کے زیادہ حجم کے باعث کمپنی کی آمدنی میں 19% اضافہ ہوا۔ استعمال ہونے والے کئی آئٹمز بشمول کرافٹ پیپر اور پولی پروپیلین گریڈوں پر افراط زر کے دباؤ کے باوجود کمپنی نے مستعدی کے ساتھ اپنی پروڈکشن کی لاگت کو منظم کیا۔ سال کے دوران میں دوسرے اخراجات میں بھی اضافہ ہوا جس کی بڑی وجہ زیادہ منفعہ کے باعث ڈیلوی بی بی ایف اور ڈیلوی ڈیلوی ایف کے لئے پروویژن تھی۔ ڈسکاونٹ ریٹس میں کمی اور کمپنی کے کم دام کی اجرت کی فنانسنگ کی سہولت کے باعث مالیاتی لاگت میں کمی آئی۔ سال اختتامیہ 30 جون 2021 کے لئے کمپنی نے 855 ملین روپے بعد از ٹیکس منافع پوسٹ کیا۔ جب کہ اس کے مقابلے میں گزشتہ سال 70 ملین روپے ہوا تھا۔

منافع منقسمہ کی صورت

کمپنی نے ہمیشہ منافع کی تقسیم کے تسلسل کو برقرار رکھنے کی کوشش کی ہے۔ منافع منقسمہ کی ادائیگی کے لئے مختلف پیمانوں کا خیال رکھا جاتا ہے جیسے کمپنی کی مالیاتی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات اور توسیعی منصوبے وغیرہ۔ زیر جائزہ سال میں بورڈ آف ڈائریکٹرز بسرت حتمی نقد منافع بحساب منقسمہ روپے فی شیئر کی سفارش کی ہے۔ یہ عبوری نقد منافع بحساب ایک روپے فی شیئر کے علاوہ ہے۔

پولی پروپیلین پلانٹ کی توسیع اور سولر پائلز کی تنصیب

پولی پروپیلین کی چوتھی لائن کی تنصیب کا کام موجودہ سائٹ گدوانہ لاٹزی، صوبہ خیبر پختونخوا میں منصوبے کے مطابق کام کی پیش رفت جاری ہے اور توقع ہے کہ یہ 31 دسمبر 2021 تک کام شروع کر دے گا۔ یہ پلانٹ سیریز ونڈ سولر اینڈ ہونڈ سولر سے خرید آگیا ہے جو ایسے آلات کے سب سے بڑے فراہم کنندہ ہیں اور اس کی پیداواری صلاحیت 65 ملین بیگز سالانہ ہے۔ اس سے مجموعی پیداواری صلاحیت 260 ملین سالانہ ہو جائے گی۔ اس وقت سولر ورکس بھریور طریقے سے جاری ہے۔ فلیکس ہبل پیکیجنگ پلانٹ پر 0.96 میگا واٹ سولر پائلز کی تنصیب کا کام اگست / ستمبر 2021 میں مکمل ہو جائے گا جس سے بجلی کی بڑھتی ہوئی لاگت میں کمی لائے میں مدد ملے گی۔

موجودہ سال اور گزشتہ سال کی مالیاتی جھلکیاں درج ذیل ہیں:

	2020	2021	
	لاکھ روپے میں		
• خالص فروخت	9,436.19	11,255.10	
• مجموعی منافع	1,173.73	1,937.63	
• خالص منافع	70.24	855.09	



میں مسماة / مسکنہ \_\_\_\_\_ سنہ \_\_\_\_\_  
 ضلع \_\_\_\_\_ بحیثیت ممبر چیراٹ پیکیجنگ لمیٹڈ، مسماة / مسکنہ \_\_\_\_\_  
 کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ  
 اور میری طرف سے کمپنی کے 32 واں سالانہ اجلاس عام بروز جمعرات 21 اکتوبر 2021، صبح 11:00 بجے، منعقد ہوگا، اس میں اور  
 اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔



ریونیو  
اسٹیپ

دستخط شمیر ہولڈر

(دستخط کمپنی میں درج نمونہ  
 کے مطابق ہونے چاہئے)

نوٹ

1 دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

CNIC / پاسپورٹ نمبر \_\_\_\_\_

2 دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

CNIC / پاسپورٹ نمبر \_\_\_\_\_

اہم نوٹ

۱۔ پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہو جائے۔

۲۔ سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ  
 ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمقتضیٰ اس کے دستخط پراکسی فارم کے ساتھ لف کرنے ہوں گے۔

مجموعی شمیر

سی ڈی سی نمبر		رہنما نمبر
سی ڈی سی نمبر	پراکسی نمبر	

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

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