

Cherat Packaging Limited

A Ghulam Faruque Group Company



ANNUAL REPORT 2022





Onnovative

Sustainable

Cost Effective

It's all about Preservation

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, 2021 to June 30, 2022

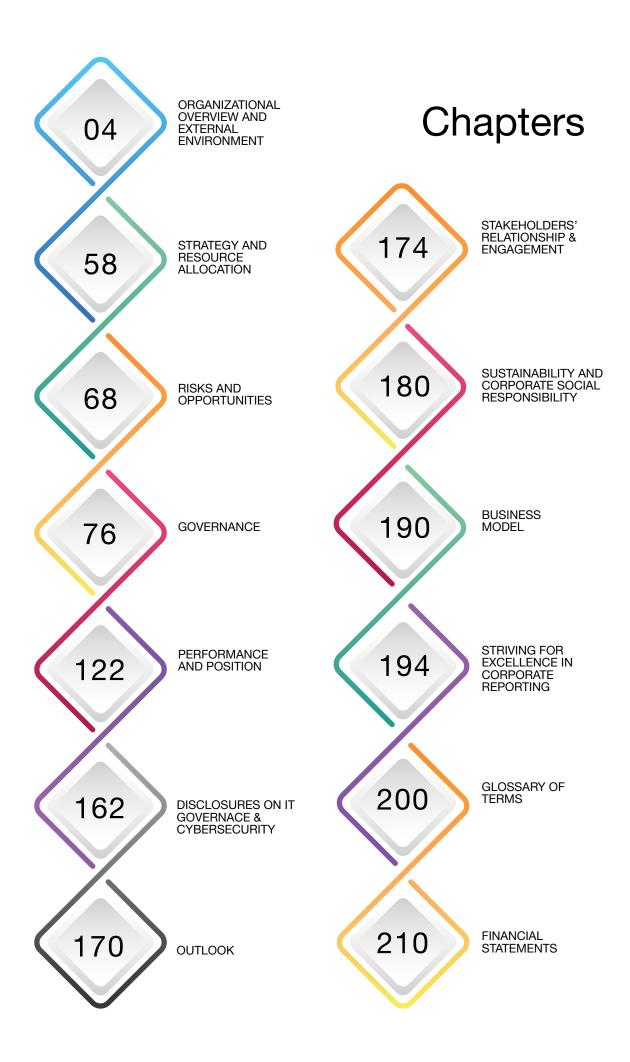
Accounting standards: International Financial Reporting Standards (IFRSs) are applied however, if contradiction between IFRS and Companies Act, 2017 occur's, requirement of Companies Act, 2017 shall prevail.













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Nature of Business



























Preserving



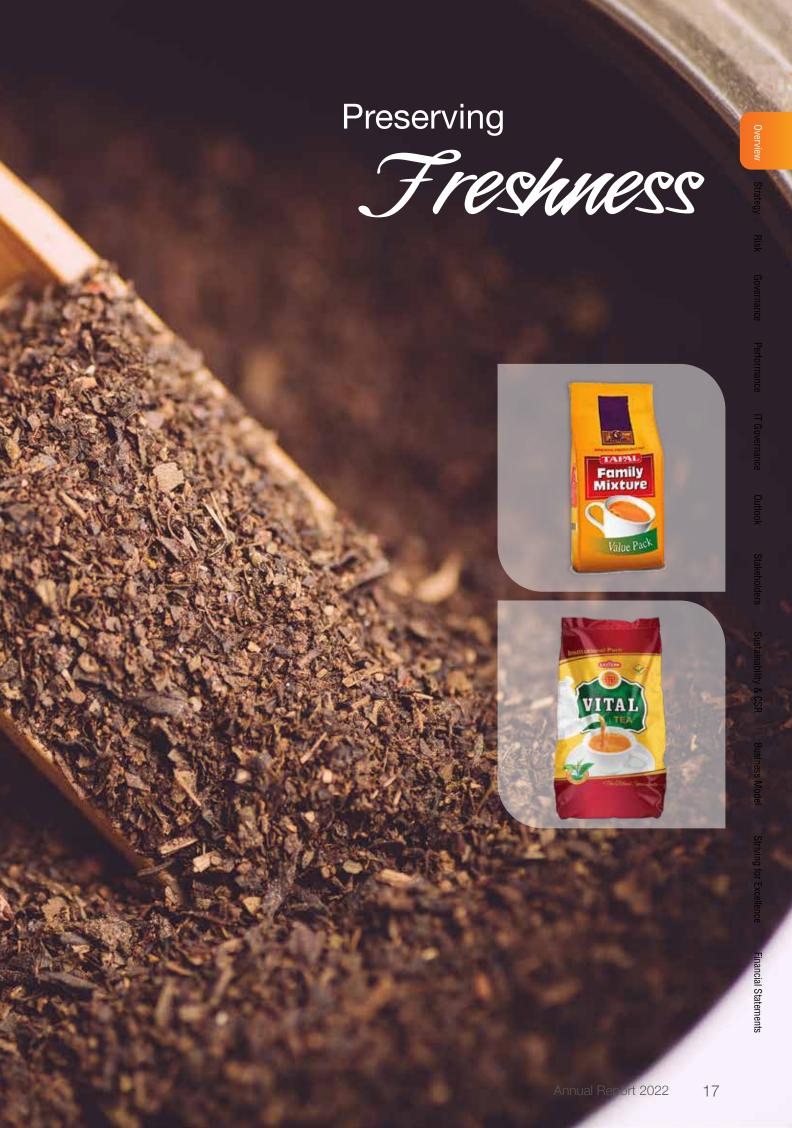
IT Governance

























Nature of Business

Cherat Packaging Limited – a prominent name in the packaging industry – is a Ghulam Faruque Group (GFG) company. Established almost 33 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 660 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.

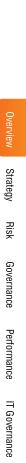
Mission

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.











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.

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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.



It is the obligation of every employee to be responsible, honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices.



CODE OF CONDUCT

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 Farugue 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 it to leverage synergies and enhance its revenues from avenues other than sugar.



Cherat Cement Company Ltd Manufacturer of Ordinary Portland Cement

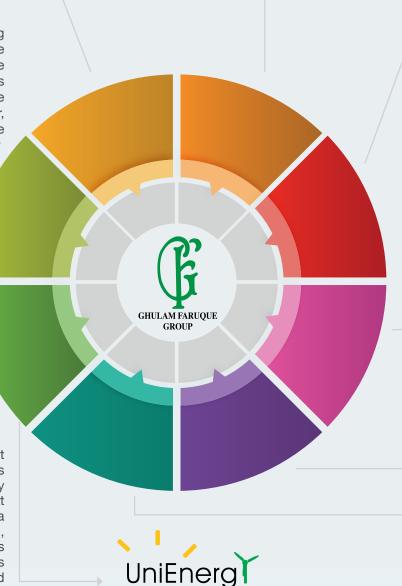
Incorporated in 1981 and its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement.

The Company is amongst the pioneers of the cement industry in Pakistan and is the number 1 cement in its region. The Company has an annual installed capacity of around 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. It is also a recipient of 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. Recently, the Company has successfully commissioned the state-of-the-art 13.05 MW Solar Power Project at the Plant.

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.

Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (CO2)

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 (>96%), and B Grade (>92%). It is also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO2). Unicol has an installed ethanol capacity of 56,000 MT per annum while LCO2 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 Best Export Performance Award for 2020-21.



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

Director and Chief Operating Officer

Mr. Abid Vazir

Chief Financial Officer Syed Waqar Haider Kazmi

Company Secretary

Ms. Hina Mir

Head of Internal Audit

Mr. Aamir Saleem

Auditors

EY Ford Rhodes **Chartered Accountants**

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd Bank Al Habib Ltd Habib Bank Ltd

Habib Metropolitan Bank Ltd

Industrial and Commercial Bank of China Ltd

MCB Bank Ltd

National Bank of Pakistan

Samba Bank Ltd Soneri Bank Ltd The Bank of Punjab United Bank Ltd

Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Ltd

Bankers (Islamic)

Al Baraka Bank (Pakistan) Ltd

Askari Bank Ltd

Our diversity in numerous industries has equipped us with valuable experience and market dynamics expertise. We focus on various opportunities available and make the most out of them. The living proof of our success is our wide range of innovative products that continue to satisfy the industry needs.

Bank Alfalah Ltd
Bank Al Habib Ltd
Bankislami Pakistan Ltd
Dubai Islamic Bank Pakistan Ltd
Faysal Bank Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd
The Bank of Khyber

Share Registrar

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

Email: info@cdcsrsl.com

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Factory

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Islamabad

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

Fax: (+9251) 2344534, 2344550

Journey at a Glance

1992 1998 2006 2012 Cherat Packaging Acquired Added 3rd Tuber and Installed 1st Limited started ISO 9001 QMS Bottomer to production PP Line production with one Certificate. line, making the total having Tuber and one Bottomer capacity of 65 effective production capacity to 160 million million PP having installed capacity of 50 million paper bags per annum. bags per papersacks per annum. annum. Installed 2nd Bottomer Added 2nd Tuber to Added 4th Tuber and to the production line. the production line and Bottomer to production thus increasing the total line. With this addition production capacity to the total installed 105 million paper bags capacity reached 265 million paper bags per annum. per annum. 1996 2009 2003

2013

Installed 1st convertex of 2nd PP line increasing total capacity to 105 million PP bags per annum.

2016

Installation of 3rd PP Line having annual capacity of 50 million bags per annum.

2018

Installation of Universal Papersack Line -Installation of Roto & Flexo printers and laminator of the Flexible Packaging Division.

2021

Established LC for the import of 4th line of PP having production capacity of 65 million bags.



Installed 2nd convertex of 2nd PP Line and increased the capacity to 145 million PP bags per annum.

2014

Arrival of Universal Papersack line with an annual capacity of 135 million bags per annum. Decision to enter in to the field of Flexible Packaging and signing of contract for acquiring main plant of Flexible Packaging project with Windmoller & Holscher and other suppliers.

2017

Completion of Flexible Packaging Project enhancing production capacity from 7.2 million Kgs to 12.6 million Kgs.

2019

Commissioning of 4th PP Line having a capacity of 65 million bags per annum.

Established LCs for 2nd Rotogravure printer and allied equipment.

2022

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 bestmanaged 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.

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 and 2020.

Forbes: Asia's Best Under A Billion Company

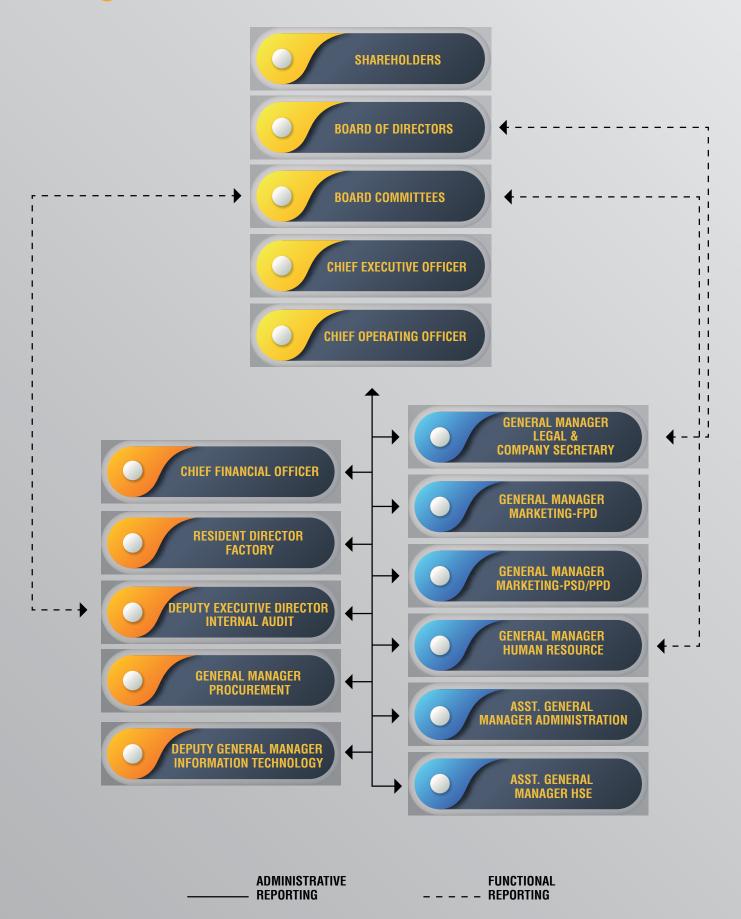
In 2018, Cherat Packaging was also nominated for the Forbes- Asia's Best Under A Billion Company. Forbes annual Best Under A Billion list highlights 200 Asia-Pacific public companies with less than \$1 billion in revenue and consistent top and bottom-line growth. In 2018, candidates came from 13 countries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







Organizational Structure





Factory Site Organizational Structure

General Manager **Finance**

Asst. General Manager

Manager IT

General Manager **PSD**

Production

- **HOD Tubers**
- **HOD Bottomers**
- **HOD Universal** Papersack Line

Services

- HOD Electrical
- HOD Mechanical
- HOD Stores

Production

- HOD Extrusion
- HOD Weaving
- **HOD Lamination** HOD Stores
- **HOD Printing**
- **HOD Conversion**

General Manager **PPD**

Services

- **HOD Electrical**
- HOD Mechanical

HOD Plate making HOD Bag making

Local Presence

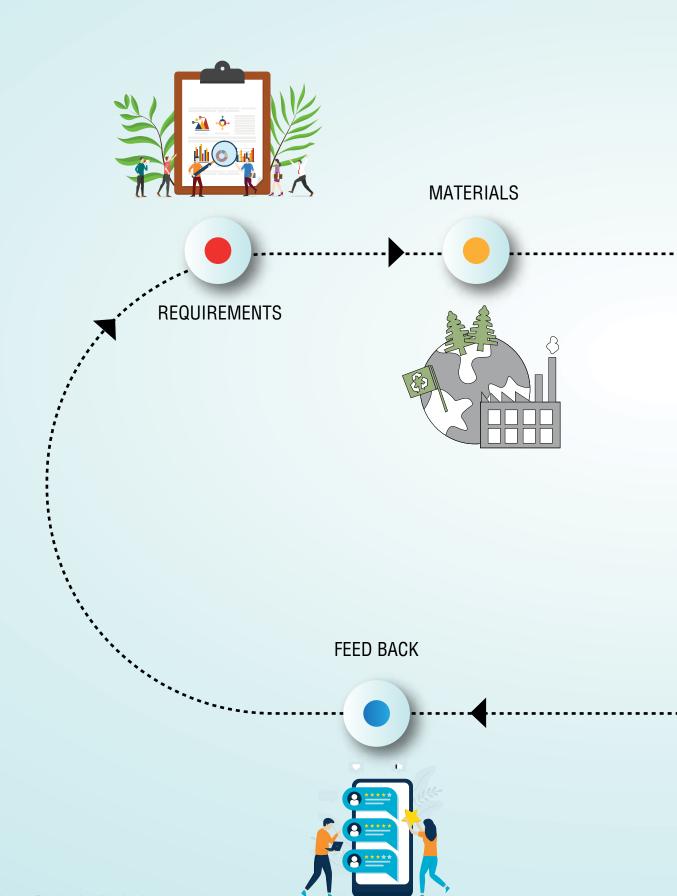


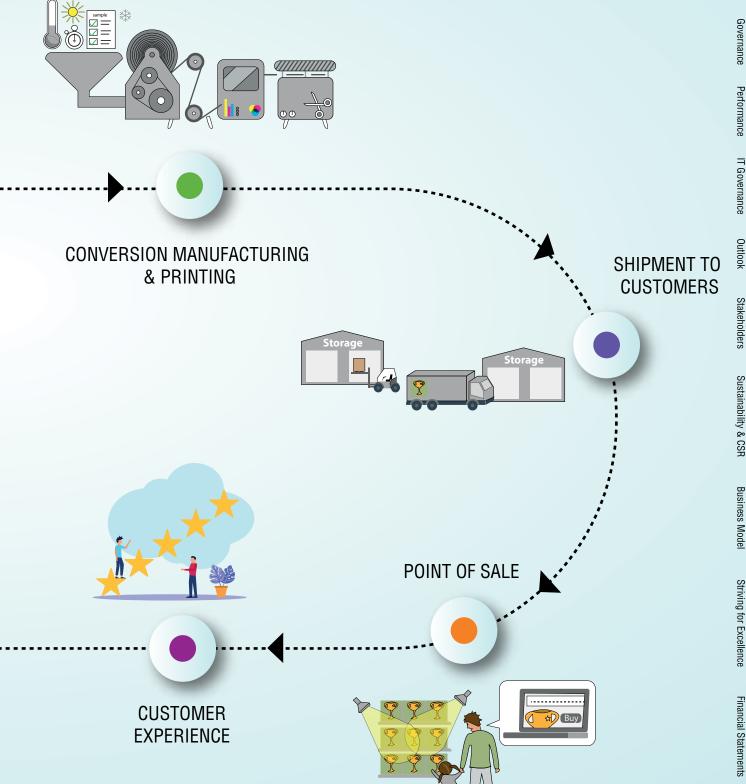
International Presence



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.





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	POLITICAL	ECONOMIC	S
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, education problems are among the social problems.
Significant change from last year	 Political uncertainties. Rifts among political parties. 	 Increased inflation. High discount rates. Exorbitant exchange rates. 	 Continuous improvement in HSE department. Natural catastrophe causing public unrest.
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 unwarranted affect.	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. The Company monitors exchange rates closely. It plans its rapprochement of imported raw material keeping in view, the economic situations, international supply chain issues and outlook of exchange parity. The Company also considers hedging contract where necessary to dampen the impact of exchange difference.	The Company always strives to be a part of social causes and for the betterment of society. For this purpose, the Company donates in various social causes including education programs and health & safety of society. On the business front, the Company has full-fledged HSE department which works for the betterment and welfare of workers at factory. The Company implemented ISO 45001 to comply with HSE international standards.

Factor	TECHNOLOGICAL	L LEGAL	ENVIRONMENTAL
Description	Technology plays a vital role in success of any Company. Technologically primitive companies often end-up being shutdown.	Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.	Almost every manufacturing company has an impact on the environment. Climate changes and water shortage is the major area of concern.
Significant change from last year	 Fine tuning of Flexible Packaging machinery for product innovation. Up-gradation of network and security measures. SAP S/4HANA implementation. 	 Companies Act, 2017. Income Tax Ordinance. Sales Tax Act. SECP Acts, Rules and Regulations. Code of Corporate Governance. IFRS Amendments. 	 Implementation of EMS ISO 14001:2015. Inclusion of Renewable energy including solar and hydel power.
Organization's response	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. The Company continuously monitors and improves its networking infrastructure for smooth data processing and prevention from cyber threats. Viewing the developments in ERP environment and technological landscape, Cherat Packaging is in process of implementing SAP S/4HANA.	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.	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. The Company is also receiving around 1 MW electricity under Wheeling Regime Energy Purchase Agreement from Pakhtunkhwa Energy Development Organization (PEDO). Moreover, the Company had installed, solar power project at its Flexible Packaging plant. This helps Company to consume from green energy, adding value to environment and also contributes to cost savings.

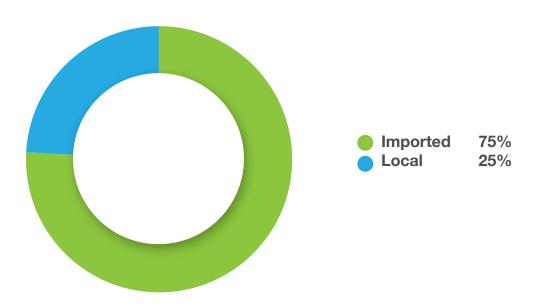
Composition of Local and Imported Material and Sensitivity Analysis due to Exchange Fluctuation

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. 651.93 million on profit before tax of the Company.

Raw Material Composition



Significant Change from Prior Year

This year, the Company posted highest profit before tax in the history of Cherat Packaging. Despite of lower volumes than last year in BMD and finance cost putting pressure on company's profit, the Company showed growth in revenue on the back of higher FPD volumes and improved prices in both divisions due to market conditions. Further, imposition of super tax in recent finance act restrained net profit to Rs. 886 million.

During the year, the Company installed PP Line 4 which enhanced production capacity by 65 million bags per annum.



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 33 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. Further due to strong and long term relationship with our international raw material supplier the Company has uninterrupted supplies during unprecedented shortages of raw material.

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. The Company not only enjoys benefits of economies of scales, it also produced its name in the field of cement packaging. Further, cement expansions will create demand for packaging material in future. 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. Additionally, the Company, anticipating increased demand in Flexible Packaging material, the Company established LC for the procurement of new ROTO line.

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 660 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.

Key Recources and Capabilities

Cherat Packaging Limited is ardent in delivering best services and add value to customer needs. The Company has state-of-the-art machinery together with vast experience in packaging business of hundreds of man-hours and top suppliers which enable us to add value to the customer packaging needs and provide cost effective solutions.

SAP Enterprise System

Cherat Packaging is one of the few companies to install SAP solution in packaging industry. The Company has well-established in-house IT department which caters all the customization needs of the Company. The Company successfully customized SAP system to cater Polypropylene and Flexible Packaging business. Additionally, the Company's IT department, generates customized reports as required by departmental personnel from timeto-time to enhance decision making.

Viewing the capabilities of SAP S/4HANA, the Company initiated migration to SAP S/4HANA, further, it has also implemented SAP SuccessFactor which shall be integrated with SAP S/4HANA.

Diversified Business

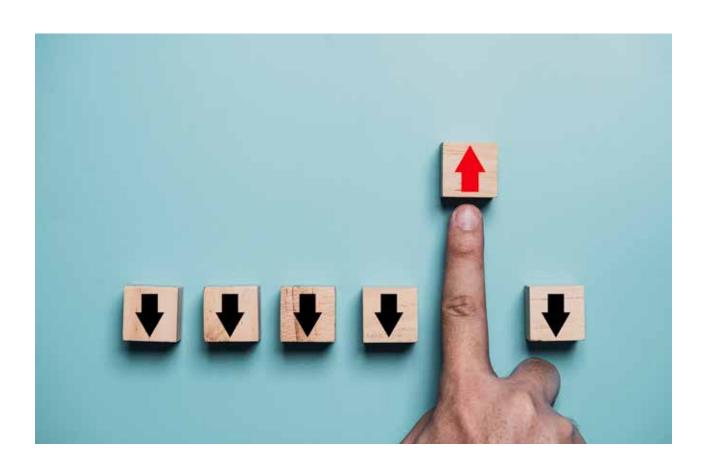
Cherat Packaging is the only Company in packaging industry which has production capabilities to produce paperbags, PP bags and Flexible Packaging products. CPL is the only Company in Pakistan which can produce various bags of different combinations using paper, PP and flexible packaging materials together and provide unique solutions to its customers.

Energy Efficient And Cost Minimisation

The Company utilises modern state-of-the-art technology and machineries including Windmoller and Holscher plant which assists in achieving the Company's objectives to utilise its scarce resources in cost-efficient manner. Furthermore, the Company have installed Solar panels at its Site to enable further cost savings.

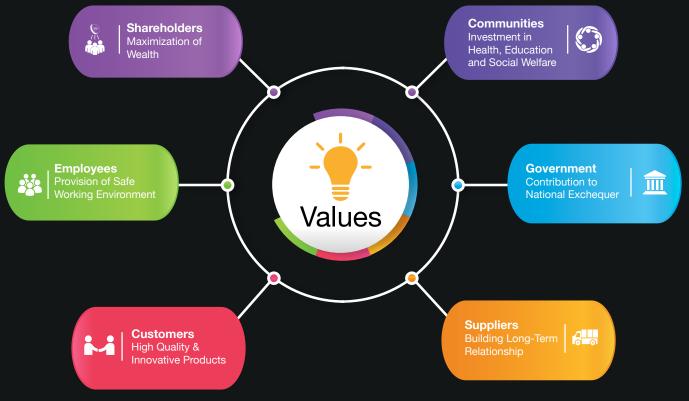
Ideal Location

Location of CPL is ideal from various aspects. Having all facilities in near vicinity of each other enhances economies of scales. Further, CPL is the only Company having flexible packaging products to cater the demands of KPK customers.



Value Created by the Business Using These Resources and Capabilities

By using these resources and capabilities, Cherat Packaging creates value for its stakeholders in the following manner:



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.

In FY 2022, despite of decreased sales, the Company increased its revenue on the back of increased prices of finished products and improved quantity sold by FPD. The exorbitant discount rates along with weakened PKR against USD and Euro dented the Company performance. However, the Company managed to earn highest ever profit before tax.

Cost Management

Aiming at cost reduction coupled with environment concerns, CPL secured supply of hydro power. This has reduced cost of production of BMD realizing a substantial saving. Furthermore, installation of solar power at FPD, reduced cost of FPD production. 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.

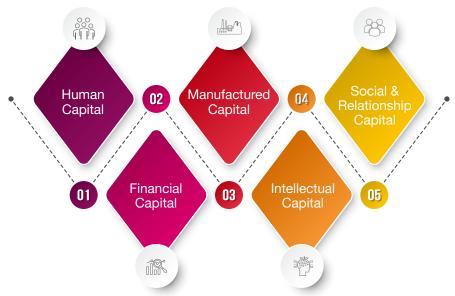
Our endeavour is to create value for our shareholders by ensuring a maximum return on investment and achieve customer satisfaction by way of providing our clients a world class product.

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

BUSINESS GROWTH



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. 2.74 billion and short-term loan of Rs. 3.27 billion. Short-term loan of the Company increased due to increased raw material prices, higher exchange rates and procurement of raw material owing to anticipated increase in material prices further. The annual target has been disseminated to operational departments according to budget targets. The Company is confident that it will manage short-term loan to a reasonable level keeping in view its working capital needs.

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 delays. The Company has financing arrangements with all leading banks of Pakistan at competitive rates amounting to Rs. 7.55 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. 3,269 million and long-term loan of Rs. 2,736 million. The short-term borrowings increased by Rs. 1,324 million during the current year as compared to last year mainly due to increased operations, higher exchange rates and increasing raw material prices. 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 1.50. The Company has decent credit ratings of 'A' in long-term and 'A1' in short term. The Company managed to earn positive cash flows during the year through its operations. Major decrease in operating cash flows was on account of increased procurement of raw material. 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.

During the year the Company obtained long-term financing from a conventional bank under Temporary Economic Refinance Facility (TERF) as announced by the Government of Pakistan at an attractive rate.

Significant Plans and Decisions

The Flexible Packaging Division of the Company showed remarkable progress in past years. Its revenue increased exponentially and its losses are decreasing making its way towards profit. As the capacities and forecast sales is expected to brim, the Company invested in capacity expansion of its Rotogravure line. The line is expected to be operational by March 2023. This capacity expansion will contribute to Flexible Packaging production capacity allowing it to take new orders, enhance profitability and carry-on its journey towards hegemony in packaging business.

Significant Change in Objectives and Strategies

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

Political environment where the organization operates and other companies that may affect the ability of the organization to meet its strategy

Cherat Packaging sources its raw material from Europe and Middle East. Kraft paper is imported from Europe which is currently sustaining an impact of Russia-Ukraine war. Any further escalation may impact the Kraft Paper supply from Europe. However, our strategic partner, Mondi Packaging has various production facilities around the world hence, supply of Kraft Paper is unlikely to be affected due to escalation of war. Further, granules are linked with petroleum prices hence unstable prices of crude oil will keep granule prices unstable. For this purpose, the management keeps close eye on movement of prices along with predictive analysis to keep itself ahead of the curve.

Legitimate needs, interest of key stakeholders, industry trends and legislative & regulatory environment

The Company firmly believes and confirms that its compliance of all the statutory legal requirements is in line with the relevant and applicable provisions of law and regulatory framework. Applying all relevant and applicable legal and regulatory requirements is constantly improving our strategies, goals and achievements. Furthermore, for the purposes of good corporate governance, the Company is continuously striving to improve its legislative and regulatory environment for workers, stakeholders, and business operations.

The Effect of Technological Change, Societal Issues, Environmental Challenges

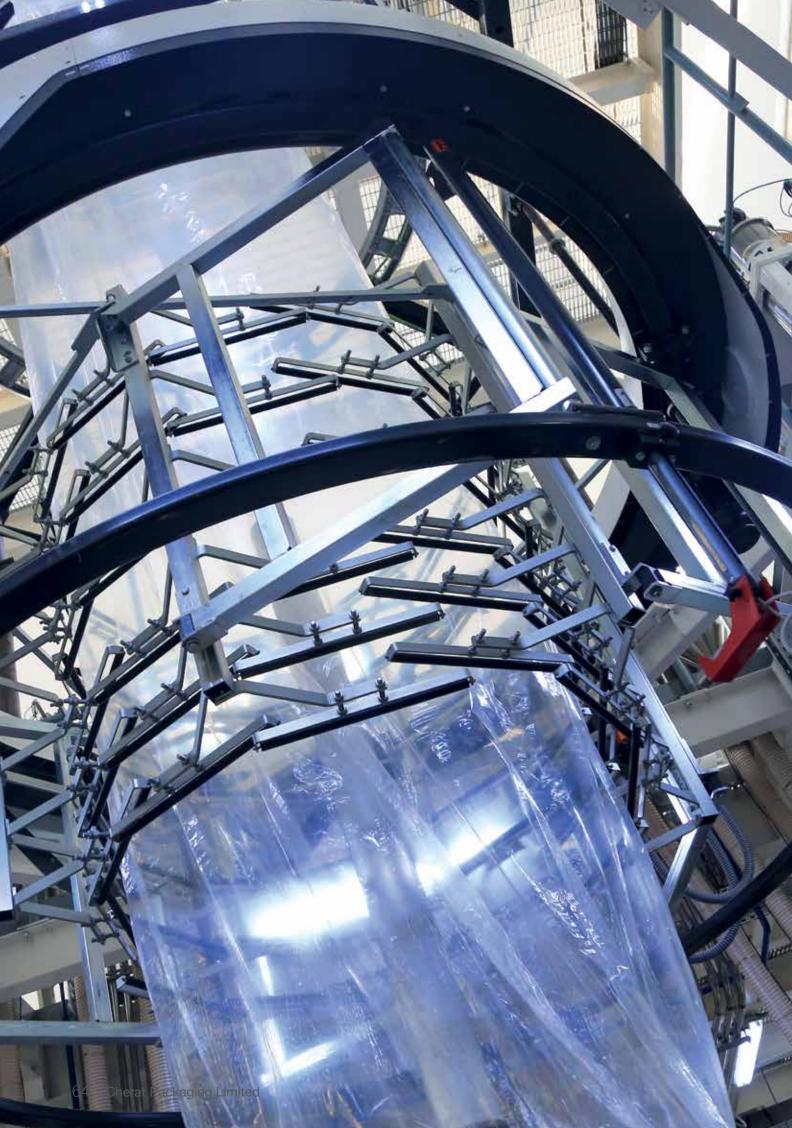
The world is facing material challenges in business arena. These challenges are putting ever mounting pressure on companies to stay responsible, sustainable and profitable. Cherat Packaging has been vigilant in analyzing these challenges and taking all possible measures to align itself with best practices 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.	 Employment of local population; Respect local values; Provide congenial working environment; Donate for education cause and elevate poverty 	 Consider carbon footprint; Sourcing raw material from socially responsible companies
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.





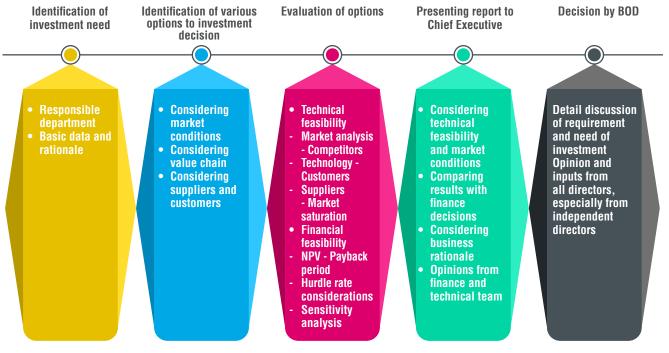




Specific Processes used to Make Strategic Decisions

Tactical decisions have been a forté 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



STRENGTHS

- ADVANCED TECHNOLOGY
 Cherat Packaging has installed state of the art machinery in its both the divisions. The Company possesses 660 million bags capacity in BMD and 12.6 million KGs capacity in FPD. With the installation of Roto line 2, the capacity of FPD will further enhance.
- HUNDREDS OF MAN HOUR EXPERIENCE Cherat Packaging has diversified employee base with hundreds of man hour experience. The Company possesses competent and committed human resource.
- PREFERRED SUPPLIER
 STRATEGIC PARTNERSHIPS
 Cherat Packaging has strategic
 partnerships with leading
 suppliers of raw material
 and production machines
 (Mondi Packaging, SABIC
 and Windmoller & Holcher).
 This provides a strategic
 edge to the Company over
 its competitors in shape of
 preferred supply and first-hand
 knowledge of technological
 advancements.
- MARKET LEADER IN CEMENT PACKAGING Cherat Packaging is known as a company which focuses on its quality and commitment. As a result of which, it is the market leader of cement packaging.
- PRESENCE IN LOCAL AND INTERNATIONAL MARKETS Cherat Packaging has the presence not only in the local markets but also it is serving international markets. The Company has been exporting its products since 2011. This year, the Company made export sales of Rs. 505 million
- HIGHEST PRODUCTION
 CAPACITY IN CEMENT
 PACKAGING
 Cherat Packaging has the
 highest production capacity
 in Cement Packaging. The
 installation of 4th PP line
 has helped the Company to
 further strengthen its position.
 As specified earlier, now the
 production capacity of BMD
 stands at 660 million bags in



WEAKNESS

- IMPORTED RAW
MATERIALS
Cherat Packaging is
dependent on consistent
supply of imported raw
materials. This includes
Kraft Paper, granules,
etc. Around 75% of the
raw materials represent
imported raw materials.



OPPORTUNITIES

- HIGH GROWTH IN CEMENT SECTOR
 Since BMD has the highest production capacity, it provides an opportunity to the Company to cater the high demand of Cement Packaging. As mentioned earlier, the introduction of 4th PP line has further strengthened the position and it will further assist the Company to accommodate hike in demand.
- EXPORT EXPANSION
 The name of Cherat
 Packaging Limited is now
 well known in international
 markets. The Company
 continually explores
 international markets and
 innovates its products to
 expand its exports.
- COST SAVING INITIATIVES
 Cherat Packaging is always
 working on different
 initiatives to increase
 efficiency and effectiveness
 and ultimately reduction
 in cost. For this, it is
 always in contact with its
 strategic partners / machine
 manufacturing companies
 so that any technological
 advancement which can
 improve effectiveness
 and efficiency can be
 implemented timely.
 Moreover, during the year,
 the Company installed
 solar power panels which
 is assisting the Company in
 reduction of energy cost.
- PRODUCT SHIFT
 The Company has an edge over its many competitors since it is able to offer both forms of printing at its FPD. Moreover, the Company has in house cylinder making and plate processing facilities, which further assists the Company to innovate the products and meet demands of its customers timely. FPD has also been able to transform its many Roto printing products to Flexo printing. This provides ample room to CPL to tap new customers / products.



THREATS

- REDUCED PSDP SPENDING
 In order to cater declining
 economic situation, the
 Government may reduce PSDP
 spending. Reduction in PSDP
 may have an adverse impact
 on Cherat Packaging, indirect
 through decline in cement
 demand
- RISING COST OF IMPORTED RAW MATERIALS
 Raw material cost is a substantial part of the overall cost of production of the Company. As a result of international economic conditions including rising costs of international fuel prices, suppliers increase the cost of products. In order to mitigate the risk, the company analyzes 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.
- VOLATILE EXCHANGE RATES
 Recently, there has been sharp
 decline in value of PKR against
 USD and Euro. As mentioned
 earlier, imported raw material
 represent substantial part of
 our raw material composition.
 Therefore, any fluctuation
 in exchange rate has direct
 impact on the company.
 Accordingly, the Company
 regularly scrutinizes the parity
 fluctuations and whenever
 needed, enters into hedging
 arrangements.
- NEW ENTRANTS
 New competitors are entering into cement packaging business viewing high growth of cement sector.
 Since Cherat Packaging is the largest producer of Cement Packaging, it can fulfill large orders. Moreover, with hundreds of man-hour experience and state of the art technology, CPL's packaging is of high quality with minimal rejections / returns. These factors are helping the company to mitigate the impact of increase in competition



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.

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.

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 is a substantial part of the overall cost of production of the Company. As a result of international economic conditions including rising costs of international fuel prices, suppliers increase the cost of products.	The Company analyzes 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	Any fluctuation in exchange rate has direct impact on the Company and its profitability. Further, 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.
Low / High	Operations risk	Financial capital	External	Pandemic causes lock down which affects supply of raw material, and reduces production and sales.	The Company developed SOPs for workplace for 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 have an impact on the production and sales activity of the Company.	The Company manages strategic relationship with best and high quality international suppliers of raw material, as already mentioned. Further, the Company effectively monitors its inventory and checks it with production plan to maintain safety stock level and determine 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. Further, the Company strives keep a check on it debtor, creditor and inventory turnover in order to avoid any unnecessary working capital blockage.
Low / High	Rise in Energy Costs	Manufactured capital, relationship capital	External	The energy cost component is one the important factor of the overall cost of product. Any rise in energy cost would mean reduction in the profitability of the Company.	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 and increase profitability. The Company has state of the art machinery which helps in production in less time and with low wastage. During the year, the Company has installed 0.96 MW of solar power project that would reduce energy cost. Arrangement with PEDO Khyber Pakhtunkhwa for hydel power which also assist the Company in 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 relationship capital	External	Destruction of production facility due to natural disaster.	The risk is addressed as follows: Every possible aspect of safety measures has been taken into consideration by the Company during construction and erection of building and plant. The Company has comprehensive insurance cover for any catastrophic event. The Company has well-established disaster recovery plan and data backup to address any unwarranted event.
Low / High	Information systems risk	Manufactured capital	External	Loss of Company data and theft of sensitive information.	The software including the firewall / antivirus are regularly updated in order to minimize the risk of loss or theft of data. Moreover, 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.



OPPORTUNITIES

Opportunity	Impact Area	Source	Key Source Opportunity	Mitigating Strategy
One Window Operations	Manufactured capital	Internal	Production capability to produce Paper sack bags, Polypropylene bags 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. Further, this also enables the Company in achieving economies of scale.
Modern Equipment	Manufactured capital	External	Most modern and state-of-the-art machinery for Kraft paper bags, Polypropylene bags and Flexible Packaging material.	Efficient machinery enables the Company to operate with the minimum cost of production, thereby offering its customers 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 bags for sugar, rice and chemical. Further, the Company has capability to produce Flexible Packaging material.	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 due to continuous increase demand of those items.	The Company invested in Flexible Packaging plant with Flexo, Roto and Extrusion machines to materialize potential growth. Further, the Company is going to install a second Roto line.
High growth in Construction sector	Manufactured capital	Internal	High growth in construction Industry owing to increase in post floods construction activities.	Viewing the potential growth and bottleneck of our production facility, this year, the Company installed PP line IV. This has increased the production capacity of the Company 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 and the quality was not compromised. Moreover, the Company is always in contact with its strategic partner (Windmoller & Holscher) to grab firsthand knowledge about technological advancement and new trends in packaging. This enables the Company to provide its customers best quality innovative products with loads of options. Further, to keep its production quality at its optimal, CPL regularly conducts inhouse trainings to enhance skills of its workers.







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Notice of Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of Cherat Packaging Limited will be held on Tuesday, October 11, 2022 at 10:00 a.m. at the Registered Office of the Company at Betani Arcade, Jamrud Road, Peshawar, to transact the following businesses:

ORDINARY BUSINESS

- 1. To confirm the minutes of the annual general meeting held on October 21, 2021.
- 2. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2022 with the Directors' and the Auditors' Reports thereon.
- 3. To consider and approve the payment of final cash dividend @ 15% (Rs. 1.50 per share) and issuance of Bonus Shares in proportion of 10 shares for every 100 shares held i.e. 10%. 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, 2022 as recommended by the Board of Directors. Further, all fractions of bonus shares shall be consolidated and disposed of in the stock market and to pay the proceeds of sale when realized to a charitable institution.
- 4. To appoint Auditors for the year 2022/23 and to fix their remuneration.
- 5. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

- 6. 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, 2022, 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, 2023."

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

Hina Mir Company Secretary

Karachi: August 24, 2022

NOTES:

- 1. The register of members of the Company will be closed from Tuesday, October 4, 2022 to Tuesday, October 11, 2022 (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 Monday, October 3, 2022 will be treated in time for the above entitlement. The said entitlement will be made on the existing paid-up capital of the Company.
- 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. Members 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. Members of physical shares are requested to notify any change in their addresses to the Company's Share Registrar. Whereas, shareholders of CDC Accounts are requested to immediately notify any change in their addresses to their respective CDC Participant / Broker / CDC Investor Account Services.
- 5. Members of physical shares 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 Shareholder having physical shareholding are accordingly required to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in script less form. This will facilitate the shareholder in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.
- 7. According to section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/ telephone numbers, occupation, etc to CDC Share Registrar Services Limited immediately to avoid any noncompliance of law or any inconvenience in future.
- 8. 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 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.
- 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.

- 10. 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.
- 11. In case of joint account, please intimate proportion of shareholding of each account holder along with their individual status on the ATL.
- 12. 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.
- 13. 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.
- 14. Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143 and 144 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
- 15. 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, be	eing a m	nember d	of Cherat	Packaging	Limited,	holder	of	ordinary
share(s) as per Re	gistered Folio N	lo. ł	hereby o	ot for vide	o conferenc	ce facility	at 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 Tuesday, October 11, 2022. The approval of the Members of the Company will be sought for:

During the financial year ended June 30, 2022 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, 2022 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending June 30, 2023.

Party wise breakup of transactions as disclosed in Note no. 38 of the Financial Statements for the year ended June 30, 2022 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs'000)
Atlas Insurance Limited	Dividend Paid	19,561
	Insurance premium	5,281
Cherat Cement Company Limited	Dividend Paid	15,613
	Dividend Received	6,660
	Purchase of Goods	6,247
	Sale of Packaging Material	2,648,647
Employees Provident & Gratuity Fund	Contribution to Fund	33,289
Faruque (Pvt.) Limited	Dividend Paid	21,784
	Services Received	47,760
Greaves Airconditioning (Pvt.) Limited	Purchase of Fixed Assets	14,483
	Purchase of Goods	35
	Services Received	6,239
Greaves Pakistan (Pvt.) Limited	Dividend Paid	10,675
	Purchase of Fixed Assets	18,185
	Purchase of Goods	1,034
Jubilee General Insurance Company Limited	Insurance premium	22,022
Mirpurkhas Sugar Mills Limited	Dividend Paid	10,552
	Sale of Packaging Material	58,960
National Foods Limited	Sale of Goods	177,587
Pakistan Cables Limited	Purchase of Goods	23,760
Zensoft (Pvt.) Limited	Software Consultancy Charges	15,994









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 Farugue Group dates back almost 41 years.

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., 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 Cherat Packaging Ltd., Greaves Airconditioning (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd.

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

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 and Zensoft (Private) Limited.

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 Group Director Financial Services and President / Chief Executive of Atlas Battery Ltd. He is on the Board of Atlas Asset Management Ltd., Atlas Insurance Ltd., National Management Foundation (sponsoring body of LUMS), National Foods Limited, Cherat Packaging Limited, Pakistan Cables Limited and Pakistan Society for Training and Development (President). Previously, he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL).

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

Mr. Abid Vazir

Director

Mr. Abid Vazir has been associated with Ghulam Faruque Group since 2000. He is serving as the Director and Chief Operating Officer of Cherat Packaging Limited. Furthermore, he is also serving as the Chief Executive of Greaves Airconditioning (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd. Mr. Vazir is also 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 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 who is committed to developing long term 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 General Management, 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 the ESG framework should be at the core of business strategy and operations, for the long-term benefit of all stakeholders 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. She is currently working as a Technical Expert Consultant, Digital Banking, SME, Green Finance, Gender at International Finance Corporation (World Bank Group) looking after the markets in Singapore - East Asia and Pacific.

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).

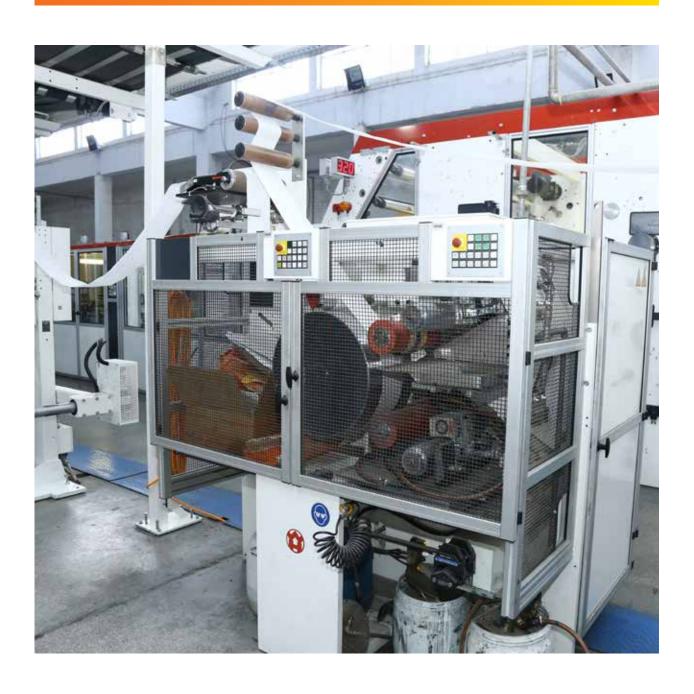
Ms. Bangash has held the position of Managing Director for the World Bank Group's Investment Climate Reform Unit (Punjab Government), and during her tenure the Pakistan rose 39 ranks on the EODB index. She has advised the KP Minister Finance, on Investment Promotion, Access to Finance/Financial Inclusion and has been Founding Member Competition Commission of Pakistan (Federal Government). She has structured & proposed innovative Finance modules including Specialized Investment Vehicles, Environment Endowment, Social Impact Bond/Dev Impact Bond & Blended Finance Investment Vehicles, for Provincial Government and PCP/EHSAAS.

As Dy. CEO she successfully led Al Habib Asset Management. A seasoned investment banking and business Strategy professional, she has worked in leading Financial Institutions in Pakistan, and in Global Capital partners Singapore, Global Strategies Pte. Ltd. Singapore, HBL Corporate & Investment Banking, Singapore, BURC Group, Ankara Turkey. In these roles, both in Singapore, Turkey and Pakistan she has driven revenues and topline (deposits & AUM) in Commercial Banks and Investment Firms, she has structured and launched the first CCPI Fund (Pak), numerous mutual funds, proprietary fund, Private Equity deals, Investment Vehicles, Investment Banking transactions, as well as managed investment portfolios of Institutions and HNW clients.

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 national economy is currently faced with lots of uncertainty on account of rising inflation, fiscal slippages and high current account deficit. The government has taken various measures for fiscal consolidation to complement the ongoing monetary tightening to help stabilize the economy and relieve pressure on Pak rupee. Unsustainable trade deficit and inflation have necessitated tightening of monetary policy and a strick fiscal stance as the GDP growth of nearly 6%, may be difficult to achieve for ensuing period. Recently, State Bank of Pakistan has taken fiscal containment measures to avert an economic crisis and has raised the policy rate to 15%, an increase of 800 basis points since September 2021. Furthermore, the government has imposed further taxes including Super Tax, which will also have an impact on the Company.

The Company successfully managed the pandemic related challenges while continuing to serve its customers diligently. With its state-of-the-art equipment, well qualified personnel, and delivering required packaging solutions, we have become one of the leading players in the packaging industry. The recently established Flexible Packaging division is receiving

Local sales of the company increased by

19%

Highest profit before tax in history Rs.

1.40

encouraging response from the market as the Company is supplying flexible packaging materials to a number of reputable customers in Pakistan. During the year, the Company successfully commissioned its fourth Polypropylene line. Additionally, it also placed an order for the second Rotogravure printer together with allied equipment for the Flexible Packaging Division as it continued to focus on its long term objective of sustainable growth and value creation.

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.

In the wake of significant economic challenges, the Company has continued to focus on growth strategy to meet the changing demands of its customers thus ensuring sustainable growth and profitability for its stakeholders. 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.

Akbarali Pesnani

Chairman

Karachi: August 24, 2022

We believe our stakeholders provide us with the motivation to keep getting better and it is our endeavor to continue to deliver quality products.

Directors' Report to the Members

For the year ended 30 June 2022

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, 2022.

OVERVIEW:

Global efforts at recovering from the last year's economic downturn due to the Covid - 19 pandemics have been seriously hampered by geo-political developments, record high inflation globaly that have driven up prices for food and energy prompting central banks across the globe to raise interest rates.

On the domestic front, prevailing political uncertainty has amplified the impact of financial difficulties caused by low foreign exchange reserves and unsustainable current account deficit. An unprecedented rise in commodity prices including oil and energy has resulted in a high inflation. Deteriorating economic indicators are causing financial uncertainty in the country. Rapid decline in the value of Pak Rupee is having an adverse impact on the cost of production. Rising interest rates and monetary contraction are taking a toll on the financial stability of the businesses in the country.

BUSINESS REVIEW:

In a vear of extreme economic uncertainty. Cherat Packaging has performed exceptionally well by delivering a strong financial performance thereby meeting the expectations of its stakeholders. There has been a historic rise in the sales revenues of the Company for the year essentially due to increase in sales volume of flexible packaging division. As a diversified packaging player, the Company produced and supplied high quality cement bags made from kraft paper and polypropylene granules together with flexible packaging materials to its valuable customers.

sales revenue increased by

20%

profit after tax Rs.

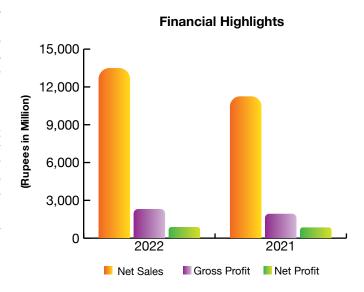
885.51

million

We are pleased to report that the Flexible Packaging division continues to make progress by attracting new reputable customers and making inroads into unexplored market segments. Several household names have started to place their trust with the Company for flexible packaging material while many more are in various stages of finalization.

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

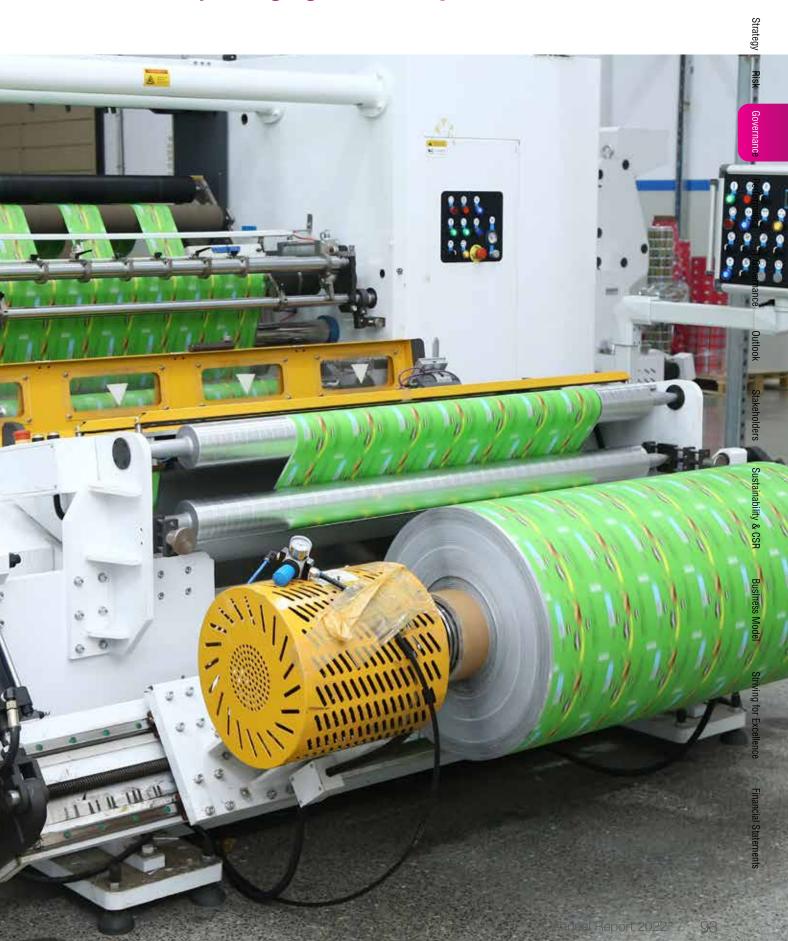
	2022	2021
	(Rupees i	n million)
Net sales	13,502.52	11,255.10
Gross Profit	2,314.73	1,937.63
Net Profit	885.51	855.09



FINANCIAL PERFORMANCE:

The year 2021/22, witnessed a 20% increase in the sales revenues of the Company compared to the previous year. During the year, there has been a healthy rise in sales volume of flexible packaging material. However, quantity of cement bags sold remained lower due to decline in the cement demand. As mentioned above, we have experienced sharp rise in cost of key raw materials like kraft paper, PP granules and other materials because of global shortages and devaluation of Pak rupee. Furthermore, cost of production has also risen due to unprecedented increase in oil and energy prices. Higher utilization of running finance facility owing to increase in business volumes and rise in discount rates has resulted in increased finance cost for the year. Recent changes in taxation measures have resulted in increased tax incidence for the company. After having provided for all the costs the Company posted an after-tax profit of Rs. 885.51 million for the year ended June 30, 2022.

Healthy rise in sales volume of flexible volume of flexible packaging material by 56%



DIVIDEND PAYOUT:

The Company has always strived to be consistent in its approach for distribution of profits. The decision on dividend payout is made after taking into consideration parameters Company's financial various like 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. 1.5 per share and bonus shares @ 10%. This is in addition to an interim cash dividend of Re. 1 per share paid earlier.

EXPANSION OF POLYPROPYLENE PLANT & INSTALLATION OF SOLAR PANELS:

During the year, the Company commissioned its fourth Polypropylene line. It is the most advanced and efficient equipment of its kind, acquired from M/s. Windmoller & Holscher. It has a capacity to produce approximately 65 million bags per annum thereby enhancing the total production capacity of the Polypropylene Division to 260 million bags per annum. Moreover, during the year, the Company also commissioned solar power panels, which are now providing 0.96 MW of green energy to the Company.

EXPANSION OF FLEXIBLE PACKAGING BUSINESS

In view of encouraging response received from the market, the Company has decided to acquire another Rotogravure printer together with allied equipment to enhance the production capacity of Flexible Packaging Division. The order for the equipment has been placed with leading European suppliers including M/s. Windmoller & Holscher. The expansion is expected to be completed by March 2023. Enhancement in production capacity will enable the Company to meet the demand of its valued customers in an effective manner and optimize the utilization of its available resources.

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 is engaged in multiple social initiatives to help improve the living conditions of the people residing in the vicinity of the manufacturing facilities and the surrounding areas. The Company has always reached out to those who required help and extended necessary support at a time of crisis or natural calamity. The Company envisions a better environment, a better economy, and a better Pakistan as it continues to contribute to various reputable charitable institutions and for social causes.

SAFETY, HEALTH AND ENVIRONMENT:

Believing in maintaining high standards of health and safety for its people, the Company has put in place several measures. This includes implementation of protocols on health and employee safety, to respond to the changing business needs due to COVID-19

pandemic. It has been done to ensure all staff members are protected as best as possible from this virus. In this regard, the Company encouraged its staff to get vaccinated including obtaining booster doses. Personal protection equipment was provided to 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 required the Company conducted Covid tests and when necessary 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 for the staff. Due to 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. 4.5 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 it's 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, 2022.

Provident Fund	Rs. 272.09 million
Gratuity Fund	Rs. 102.73 million

BOARD OF DIRECTORS:

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

•	Male Directors Female Director		8 1
a.	i. N	pendent Directors Mr. Ali H. Shirazi Mr. Sher Afzal Khan Mazari Ms. Maleeha Humayun Bangash	3
b.	i. N ii. N iii. N	-Executive Directors Mr. Akbarali Pesnani Mr. Aslam Faruque Mr. Shehryar Faruque Mr. Arif Faruque	4
C.	i. I	cutive Directors Mr. Amer Faruque Mr. Abid Vazir	2
d.		ale Director Vs. Maleeha Humayun Bangash	1

 During the year, five meetings of the Board of Directors were convened. The attendance record of each director is as follows:

 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. Ali H. Shirazi	4
•	Mr. Arif Faruque	4
•	Mr. Shehryar Faruque	3

During the year, two 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 Maza Mr. Aslam Faruque Mr. Amer Faruque	ari 2 1 2	

- The pattern of shareholding is annexed with the report.
- Earnings per share (EPS) during the year was Rs. 20.83 compared to Rs. 20.12 last year.

DIRECTORS' REMUNERATION:

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, 2022.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND BOARD COMMITTEES:

The Company carries out annual evaluation of the Board of Directors, it's 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. 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 arm's length 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. To curb the negative impact of this, the Company has established 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.

Cherat Packaging implemented complete SAP solution back in 2009. The world renowned SAP is fully functional through its integrated finance, quality control, supply chain and inventory management modules. Users are properly trained on this system. Management is continuously reviewing the system for upgradation and currently in the process of upgrading to S/4HANA database and also implementing SAP Success Factor for certain modules of HR. Proper access and other controls are in place to ensure security of the system.

The board recognises the importance of

cybersecurity, keeping in view the evolving information security threats, which can directly affect our business operations. The Company has an in-house IT department, which has dedicated resource for IT related security. During the year, on the advice of the Board, cybersecurity audit was conducted by an external consultant and their recommendations were properly implemented. There was no such breach during the year.

Debt Repayment

The Company has always met its financial obligations and paid all its dues on time. During the year, the Company repaid a loans of Rs. 714.59 million to the banks.

Capital Structure

The Company's current debt to equity percentage is about 30:70. The gearing ratio is improving as the Company is making regular profits. It will further improve after full capacity utilization.

FUTURE PROSPECTS:

Higher commodity prices driven by geopolitical challenges and fiscal/monetary measures taken by the government have resulted in inflationary pressures for the domestic economy, which is suppressing local demand going forward. Despite these challenges, the Company is well positioned to sustain these adverse externalities.

The Company has aligned its long-term objective of being a leading player in the field of packaging by expanding its existing businesses and diversifying into new fields of packaging. This will allow it to meet the demand for packaging materials from not only cement sector but also from other industries such as FMCG sector. In a period of rising competition, the Company remains confident of preserving its market share and achieving greater economies of scale. The Company would like to record its appreciation for the support it has received from its suppliers especially M/s. Mondi Packaging, Sabic and Windmoller & Holscher.

Increase in fuel prices has resulted in a surge in inland transportation costs. Additionally, the government has also increased the power tariff, which is also having an impact on production costs. To reduce its electricity costs, the Company has installed 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 economic times, your Company is closely monitoring the situation and will continue to take appropriate measures to safeguard the

interests of stakeholders.

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 Amer Faruque Chief Executive

O. hund

Karachi: August 24, 2022

In view of encouraging response received from the market, the Company has decided to acquire another Rotogravure printer together with allied equipment to enhance the production capacity of Flexible Packaging Division.

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 5 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

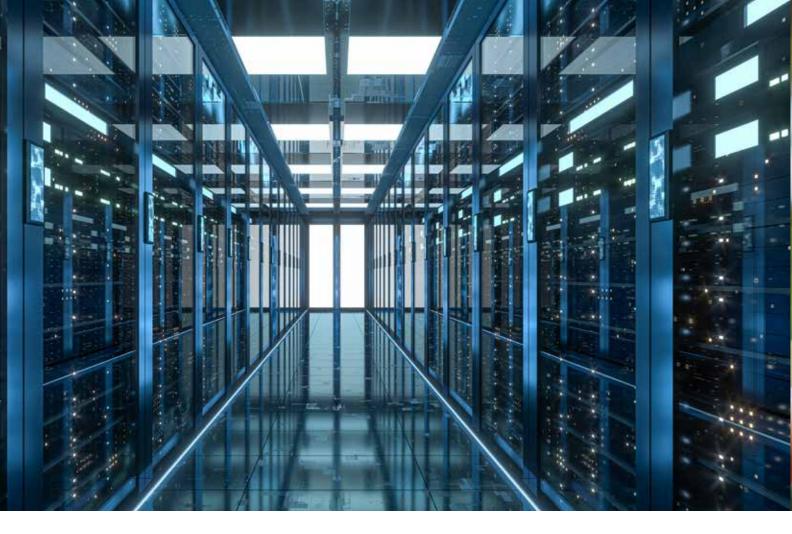
Ms. Maleeha Humayun Bangash was elected as an Independent female Director on October 26, 2020 on the Board and the requirement for a female director on the board of a listed company has been complied.

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 Director and Chief Operating Officer 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 embedded 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 confidential 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.

Stakeholders



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

- 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.
- Confidentiality of information will be assured, by protection from unauthorized disclosure or intelligible interruption.
- 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.
- 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.
- 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;
 - 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
 - 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.
- 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;
- 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;
- 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;
 - 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:

- The management shall obtain approval of the policy by the Board;
- 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;
- 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:

- 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.

Governance of Risk and Internal Control

The Company has various policies in connection with Governance of Risk and Internal Control that have been approved by the Board of Directors and covered through different policies and disclosures. These include but are not limited to Health Safety Environment (HSE) policy, Information Technology (IT) Governance policy, Information System Security policy, Disaster Recovery policy etc. The implementation of such policies is in accordance with law to assure smooth operations of the business at all levels.

Cherat Packaging designed its risk management framework to effectively identify, analyze, evaluate, mitigate and monitor the risk faced by the Company. The Company regularly monitors impact potential of risks and devise strategy to mitigate those risk so that the Company does not drift away from its strategic goals.

Risk assessment is done regularly to achieve a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them.

Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on Cherat Packaging Limited and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

















Business Continuity and Disaster Recovery Plan

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 Amazai, 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.

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.



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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

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 2022 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 2022.

Chartered Accountants

EY has Ma

Place: Karachi Date: 30 August 2022

UDIN Number CR 202210120Me3Hiq54l

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

For the year ended June 30, 2022

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

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

a.	Male:	8
b.	Female:	1

2. 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

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 4. 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;
- 5. 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;

- 7. 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;
- 8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 9. Following Directors and Executives attended Directors' Training program till June 30, 2022:

Name of Directors and Executives

Mr. Shehryar Faruque	Director
Mr. Akbarali Pesnani	Director
Mr. Ali H. Shirazi	Director
Mr. Abid Vazir	Director & Chief
	Operating
	Officer

Ms. Maleeha Humayun Bangash Director

- 10. 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;
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- 12. The board has formed committees comprising of members given below.-

a) Audit Committee

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

b) HR and Remuneration Committee

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, 2022

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 along with 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 decisionmaking 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 2021-22, 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;
- (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;

- 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.
- consider any other issue or matter as may be assigned by the board of directors.

Human Resource & Remuneration Committee

Mr. Sher Afzal 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 Cherat 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;
- 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 2021-2022. Based on reviews and discussions in these meetings, the Audit Committee reports that:

- 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

- 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

- 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.
- 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, 2023 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.

By Order of the Audit Committee

Mrc.

Ali H. Shirazi Chairman

August 22, 2022



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 t, IT, HSE etc. These inputs are assembled into a master budget which is presented to Board of Directors. The BOD, after deliberations and discussions, approves the master budget. The Company was able to surpass its key targets in the last year's budget, mainly due to growth in cement industry and better decision making in response to prevalent market conditions. The Company continuously monitors cash flows, gearing and liquidity to evaluate the deviation and take corrective measures to keep all indicators with in the larger range. The Company also met its nonfinancial targets in the areas of marketing, human resources and growth to a greater extent.

Financial Indicators Actual Results

Year 2021-22 has been a productive one for the Company. The business environment was challenging one due to various external factors, including geopolitical and domestic uncertainties. Despite under these circumstances, Company maintained its market leadership.

However, the company performed better than expected at a time of increased customer demand during these challenging times. The company achieved a net profit of Rs. 885 million. The increase was primarily due to increase in sales price, Flexible Packaging Division dispatches and strict cost control measures. However, increased sales did not translate into increased profits for reasons beyond the company's control, including: abrupt decrease in PKR parity against Euro and USD causing production cost to increase, consistent increase in discount rates and the implementation of super tax by the government.



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

	2022	2021
	(Rupees	in million)
Net sales	13,502.52	11,255.10
Cost of sales	11,187.79	9,317.48
Gross profit	2,314.73	1,937.63
Expenses & taxes	1,429.22	1,082.53
Net Profit	885.51	855.09

The Company sold 303.71 million bags, further analysis of sales is listed below:

	LULL	2021
	(Quantity	in million)
Local sales (Bags)	290.72	318.76
Export sales (Bags)	12.99	15.47
Total sales (Bags)	303.71	334.23
Flexible Packaging (Kgs)	5.86	4.66

Domestically, the Company lost some quantity primarily on account of increased competition, use of bulk cement and reduction in local cement demand. However, Flexible Packaging Division was able to increase its dispatches due to favorable market response. Improvement in prices also helped in increase of sales revenue further. However, this increase was not fully translated on account of unstable raw material prices.

2022

2021

2022

In Rupee terms, sales analysis is reproduced below:	2022	2021
Local sales	(Rupees	in million)
Kraft Paper & Polypropylene Bags	9,811.85	8,848.69
Flexible Packaging	3,185.61	2,039.68
Export sales - Cement Packaging	505.06	366.73
Total sales	13,502.52	11,255.10

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:

	(Actual)	(Budget)
	(Rupees in million)	
Net sales	13,502.52	14,365.30
Cost of sales	11,187.79	12,385.87
Gross Profit	2,314.73	1,977.43
Expenses & taxes	1,429.22	1,120.5
Net Profit	855.51	858.93

Considering last year's standards, the company maintained its high revenue and profit margin targets. Despite having decrease in sales volumes, Company was able to achieve better gross profit results through better decision-making and procurement strategies. However, rising fixed costs and the government's introduction of a super tax policy had an impact on net profit.

Dividend

The Company has a legacy of paying dividends. This year, the Company announced/ paid 25% cash dividend for the year 2022 which includes interim dividend of 10%. The Company also announced bonus shares @ 10% (4,250,683 shares).

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

Sales
13,503
(Rs. in Million)
Increased by
19.97%

Profit
before tax
1,395
(Rs. in Million)
Increased by
16.43%

Breakup
value per share
147.17
(Rs.)
Increased by
3.57%

Gross profit
2,315
(Rs. in Million)
Increased by
19.46%

Profit
after tax
886
(Rs. in Million)
Increased by
3.56%

Financial
leverage
0.96
(Times.)
Increased by
22.55%

Market price per share 112.92 (Rs.) Decreased by -43.23%

Earnings per share 20.83 (Rs.) Increased by 3.53%

Working capital 2,951.68 (Rs. in Million) Increased by 9.16%

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 decreased mainly due to the economic conditions and policies brought in by the Government.

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.

Cash
dividend
106.27
(Rs. in Million)
Decreased by
-50.00%

Stock
dividend
42.51
(Rs. in Million)
Increased by
100%

Non Financial Indicators

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

facilitate our customers.

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. 2.74 billion. These loans mainly consist of Rs. 1.54 billion related to Flexible Packaging Project (including loan obtained for solar power project) and 0.66 billion related to expansion in PP Line 4 during the year, while other Rs. 0.54 billion 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 2022, working capital of the Company increased as compared to last year mainly because of increase in 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

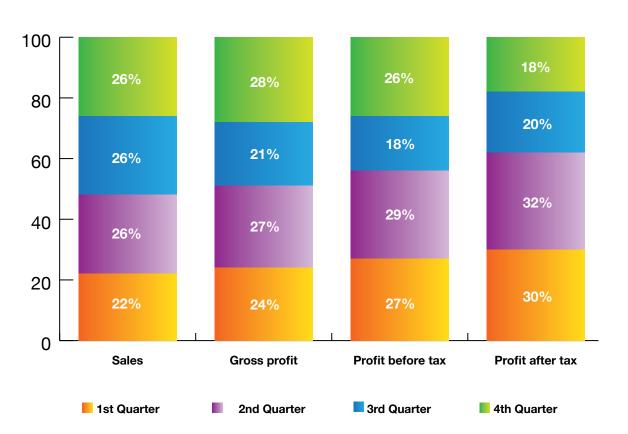
Entering in the business of Flexible Packaging made this indicator more vital than before. The Company is running the said business venture efficiently and effectively to increase shareholders' wealth and stakeholders' value. Moreover, the Company will ensure to keep better relations with suppliers and 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 is carrying 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-21	Dec-21	Mar-22	Jun-22	Total
			(Rupees in '000)		
Sales - Net	3,096,070	3,466,634	3,458,387	3,481,428	13,502,519
Cost of Good Sold	(2,530,663)	(2,843,493)	(2,979,001)	(2,834,633)	(11,187,790)
Gross Profit	565,407	623,141	479,386	646,795	2,314,729
Selling Expenses	(47,361)	(67,413)	(54,942)	(85,097)	(254,813)
Administrative Expenses	(30,104)	(34,379)	(34,416)	(44,116)	(143,015)
Other charges	(28,224)	(29,517)	(15,784)	(2,356)	(75,881)
	(105,689)	(131,309)	(105,142)	(131,569)	(473,709)
Other Income	9,755	8,994	10,804	10,115	39,668
Operating Profit	469,473	500,826	385,048	525,341	1,880,688
Finance Cost	(92,512)	(102,762)	(139,477)	(150,552)	(485,303)
	070.004		0.45 574	074700	
Profit before taxation	376,961	398,064	245,571	374,789	1,395,385
Tavatian	(104.450)	(110,000)	(70.010)	(010,000)	(E00.070)
Taxation	(104,453)	(116,906)	(72,219)	(216,298)	(509,876)
Profit after taxation	272,508	281,158	173,352	158,491	885,509
riviit aitei taxativii	212,500	201,100	170,002	130,491	000,009



Quarterly Results Analysis

Quarter 1

Sales: Revenue in the first quarter of financial year 2022 increased compared to the June quarter

of financial year 2021 due to increase in dispatches of Flexible Packaging Division.

Cost of sales: Cost of sales increased due to the increase in dispatches of Flexible Packaging Division.

It also increased because of rise in fixed cost.

Operating profit: Despite growth in volume discussed above, the Company's operating profit declined

quarter-on-quarter due to increase in fixed cost.

Net Profit: Due to the above reasons, the Company's net profit decreased.

Quarter 2

Sales: In quarter ended December 2021, increase in dispatches of Bag Manufacturing Division

and Flexible Packaging Division resulted an improvement in sales revenue.

Cost of sales: Cost of sales increased in alignment with increase in sales revenue / dispatches.

The Company's operating profit grew due to an improvement in dispatches and gross Operating profit:

Net Profit: Due to the reasons above, net profit of the Company grew by Rs. 8.65 million.

Quarter 3

Sales: In third quarter, sales majorly declined on account of reduction in sales quantity of Bags

Manufacturing Division.

Cost of sales: Despite having reduction in dispatches, cost of goods sold increased by 5% during the

quarter due to increase in raw material prices.

Operating profit: Operating profit of the Company reduced significantly due to reduction in dispatches

and increase in raw material prices.

Net Profit: In addition to the above reasons, the Company's net profit decreased due to increase in

finance cost. Finance cost increased primarily due to increase in discount rates.

Quarter 4

Sales: Selling prices rose during the quarter. This resulted in an increase in revenue. However,

due to lower sales volumes, this could not be fully translated into sales.

Cost of sales: Cost of sales decreased due to decrease in dispatches.

Operating profit: Operating profit of the Company improved due to the increase in sale prices.

Net Profit: In addition to the factors mentioned above, higher finance cost and the impact of super

tax contributed to the decline in net profit.

Ratios

Ratio Description	Unit	2022	2021	2020	2019	2018	2017
Profitability Ratios:							
Gross Profit ratio	%	17.14	17.22	12.44	17.31	15.49	19.50
Net Profit to Sales	%	6.56	7.60	0.74	6.95	10.03	10.89
EBITDA Margin to Sales	%	16.56	17.04	12.97	18.10	15.31	18.36
Operating leverage ratio	Times	0.94	4.12	(1.47)	2.17	(1.38)	3.85
Return on Equity	%	14.40	15.81	1.52	12.53	16.67	19.15
Return on Capital employed	%	9.85	9.69	0.93	7.66	9.69	15.17
Effective tax rate	%	36.54	28.65	28.82	14.73	7.03	27.84
Shareholder's Funds	%	41.92	47.98	42.78	39.35	48.20	72.16
Return on Shareholders' Funds	%	14.16	14.16	1.47	12.60	15.75	17.48
	, ,						
Liquidity Ratios: Current ratio	Times	1.50	1.69	1.59	1.56	2.21	3.69
Quick / Acid test ratio	Times	0.71	0.89	0.84	0.75	1.12	1.76
Cash to Current Liabilities	Times	0.71	0.03	0.04	0.75	1.12	0.02
						-	
Cash flow from Operations to Sales	Times	0.04	0.13	0.17	(0.10)	-	0.06
Cash flow to capital expenditures	Times	0.27	5.79	5.55	(1.15)	-	1.20
Cash flow coverage ratio	Times	0.09	0.54	0.56	(0.24)	-	0.46
Investment / Market Ratios:							
Earnings per share (EPS)	Rs.	20.83	20.12	1.65	13.24	18.87	23.71
Price to book ratio	Times	0.77	1.40	1.04	0.70	1.07	1.75
Market Value Per Share at the end of the year	Rs.	112.92	198.91	117.15	80.64	143.69	237.78
Low during the year	Rs.	93.56	119.44	49.16	80.00	132.40	237.78
High during the year	Rs.	204.00	249.28	138.49	192.45	279.01	415.00
Price Earnings ratio	Times	5.42	9.89	70.90	6.09	7.61	10.03
Break up value per share*	Rs.	147.17	142.09	112.32	115.58	134.40	135.68
Dividend Yield ratio	Times	0.02	0.03	0.01	0.06	0.05	0.04
Dividend Payout ratio	Times	0.12	0.25	0.61	0.38	0.37	0.40
Dividend Cover ratio	Times	8.33	4.02	1.65	2.91	3.02	2.50
Cash Dividend	Rs.(000')	106,267	212,535	42,507	193,220	235,212	281,252
Cash Dividend per share	Rs.	2.50	5.00	1.00	5.00	7.00	9.50
Stock Dividend	%	10.00	-	-	10.00	15.00	-
Capital Structure Ratios:							
Financial leverage ratio	Times	0.96	0.78	1.14	1.31	0.83	0.19
Weighted average cost of debt	%	8.74	7.91	14.20	9.18	4.18	4.00
Net borrowing / EBITDA	Times	2.67	2.46	4.42	3.97	3.45	0.64
Average operating working capital	%	45.61	45.50	53.98	53.07	39.23	31.67
as %age of sales Debt to Equity ratio	Times	30:70	32 : 68	37 : 63	39 : 61	38 : 62	13:87
Interest Cover ratio	Times	3.88	4.11	1.13	2.30	6.96	16.17
Activity / Turnover Ratios: Inventory turnover ratio	Times	2.86	3.23	2.87	2.61	3.42	3.66
-							
No. of Days in Inventory	Days	126	112	125	138	105	98
Debtor turnover ratio	Times	5.30	5.33	5.34	6.17	7.26	7.97
No. of Days in Receivables	Days	68	68	67	58	50	45
Total Assets turnover ratio	Times	0.90	0.89	0.85	0.71	0.76	1.16
Fixed Assets turnover ratio	Times	2.43	2.24	1.85	1.57	1.48	3.53
Creditor turnover ratio	Times	12.75	16.29	18.25	19.16	10.34	18.68
No. of Days in Creditors	Days	28	22	20	19	35	19
Operating Cycle	Days	165	157	172	177	120	124
Employee Productivity Ratios:							
Production per employees	Rs.	37,926	36,705	32,632	29,963	34,942	49,657
Revenue per employee	Rs.	44,416	44,841	37,150	35,342	40,992	61,961
Staff turnover ratio	%	8.66	5.53	4.55	4.98	1.45	5.43
Non Financial Ratios:							
% of Plant Availability (BMD)	%	47.42	54.99	45.91	46.42	58.24	76.51
% of Plant Availability (FPD)	%	60.69	45.62	47.94	15.15	4.16	-
	•						
Others: Spare inventory as a % Assets costs	%	2 60	0 71	2 40	2 20	1.06	1.52
QUALE HIVEHIOLV AS A 1/10 ASSETS COSTS	70	2.60	2.71	2.49	2.29	1.00	1.52
Maintenance cost as % of Operating	%	2.50	2.35	2.54	2.15	1.46	1.48

^{*}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 achieved impressive profitability indicators in recent years. This is due to better decision making in response to prevailing market conditions. This year, the Company made highest before tax profit despite of lower quantity sold in BMD and various challenges like increasing discount rates and dwindling PKR against USD and Euro.

Liquidity

Liquidity indicators are an important class of financial indicators used to determine a company's ability to service its current debt without raising external capital. The liquidity index declined slightly due to an increase in short-term borrowings needed to meet working capital needs.

Investment / Market

Investment / Market Ratios reflect a company's overall performance. In the current year, the Company has reported EPS of Rs. 20.83 which is relatively higher then last year. This is due to increased sales, production efficiency and effective marketing strategies, while the market price of the company's share has declined over the last year.

Capital Structure

The Company continuously monitors its capital structure and aims to keep it at its optimum level. Financial leverage increased slightly as compared to last year due to increase in short term borrowings to meet the working capital requirements.

Activity / Turnover

The inventory turnover of the Company observed an increase as compared to last year due to higher cost of sales which is in line with the prevailing market conditions. 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 to 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.

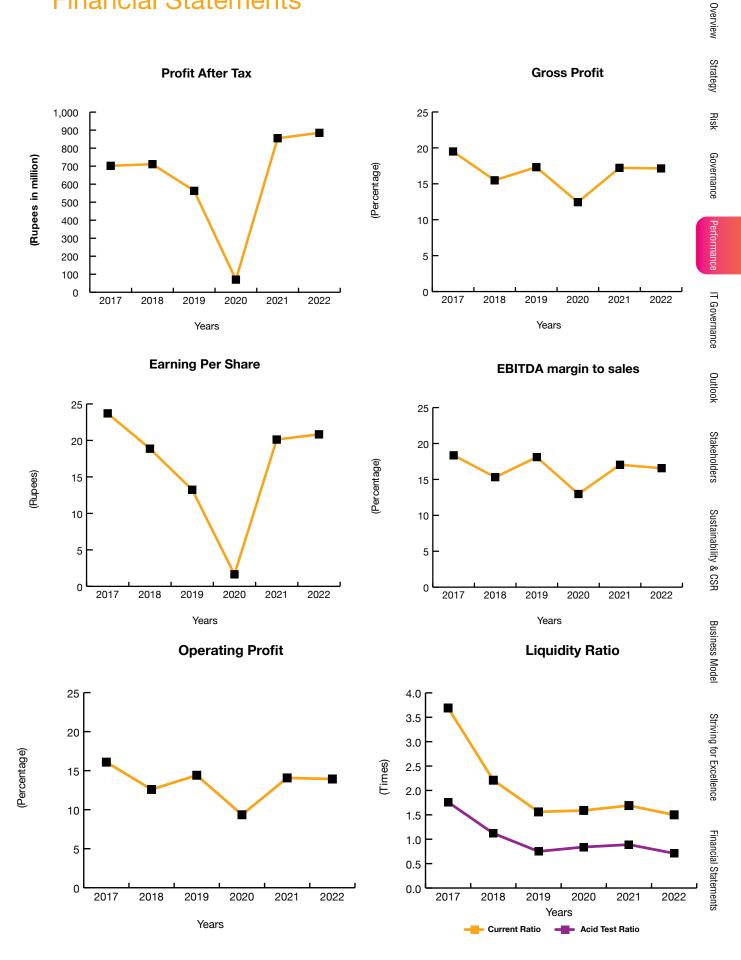
Non-Financial Ratios:

The history of Cherat Packaging is marked with expansions and growth. In recent years, the company has introduced flexible packaging project to meet the rapidly developing consumer market and new trends in the packaging industry; and a universal paper sack line. The Universal Paper Sack Line can produce paper bags in a variety of sizes. The utilization rate corresponds to the market demand.

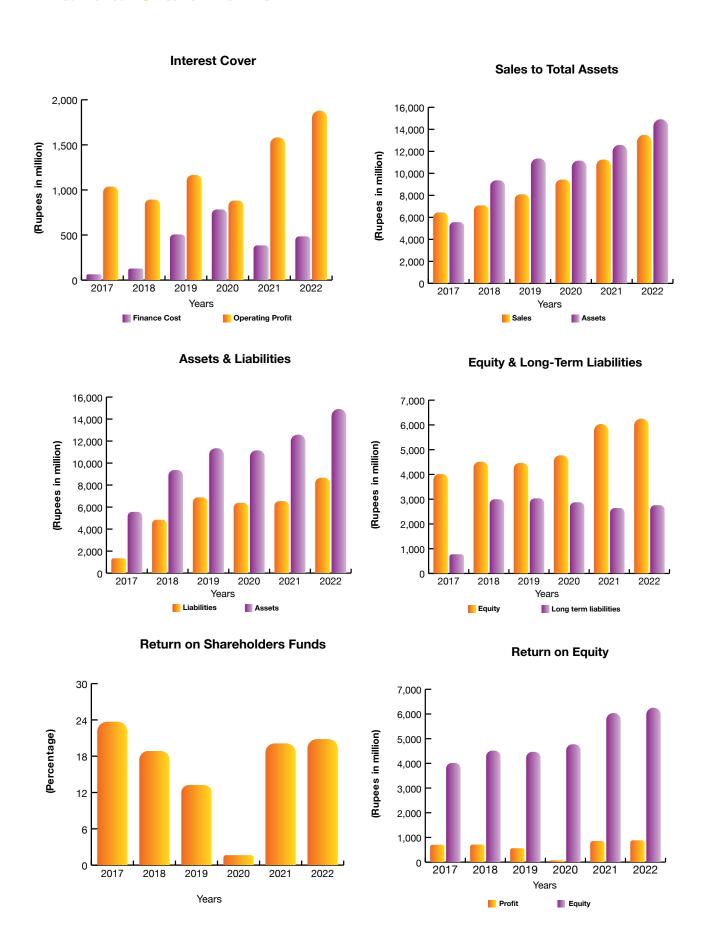
Other Ratios:

The Company has installed state-of-the-art machineries from reputable vendors. As a result, the company not only benefits from quality performance and production efficiency, but also maintains low maintenance costs/spare parts inventories. Moreover, the ratios mentioned have increased slightly in recent years due to diversification and expansion.

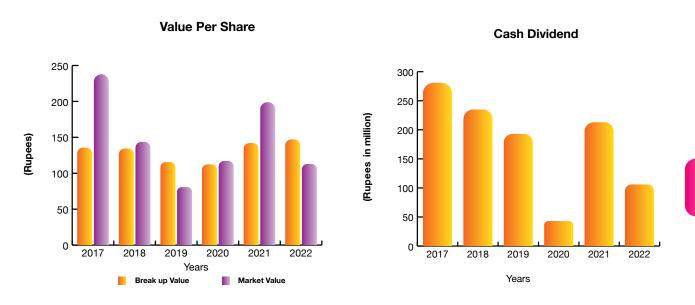
Graphical Presentation of Analysis of Financial Statements

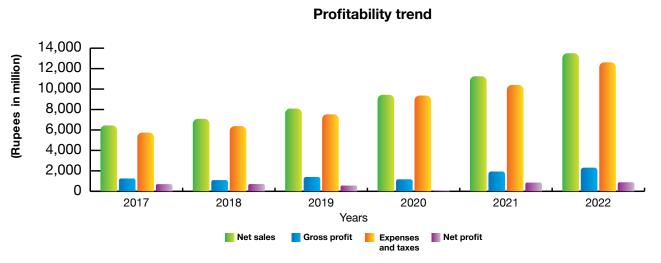


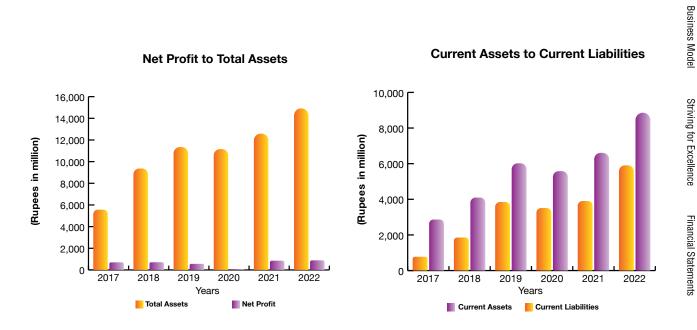
Graphical Presentation of Analysis of Financial Statements



Graphical Presentation of Analysis of Financial Statements







Overview

Strategy

Risk

Governance

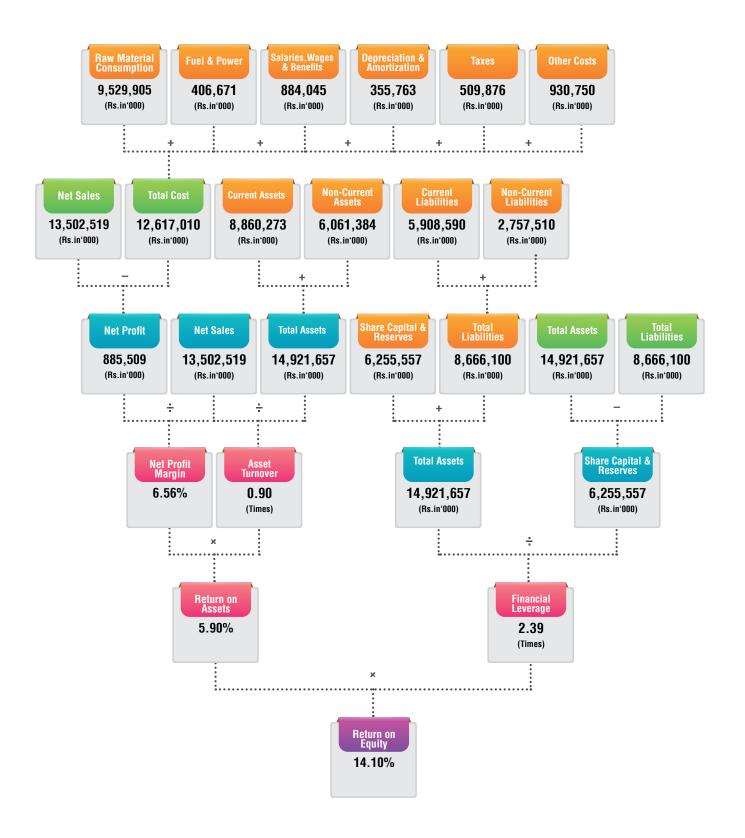
IT Governance

Outlook

Stakeholders

Sustainability & CSR

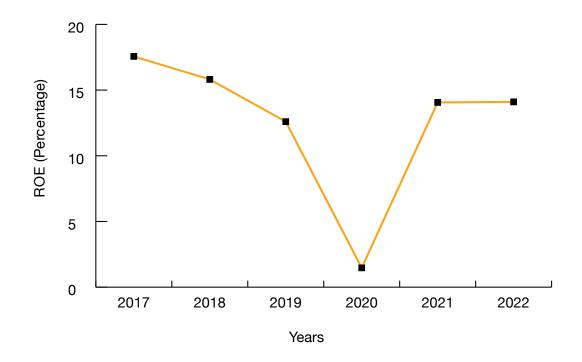
DuPont Chart



DuPont Analysis

	Net Profit Margin	Assets Turnover	Financial Leverage	ROE
Year	Net Profit / Sales	Sales / Total Assets	Total Assets / Total Equity	
	A	В	С	AxBxC
2017	10.89%	1.16	1.39	17.56%
2018	10.03%	0.76	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%
2022	6.56%	0.90	2.39	14.10%

Graphical Presentation of DuPont Analysis



Comments on DuPont Analysis

- The Company's profit margins declined slightly over the year due to economic uncertainty, intense market competition, imposition of super tax and rising discount rates.
- 2. Asset Turnover increased slightly during the year because of increase in revenue with a corresponding increase in asset base of the company on account of increase in fixed assets and inventory balances.
- Although, long term financing, including current maturity decreased as compared to last year but financial charges increased due to increase in discount rates and short term borrowings thus resulting higher financial leverage.
- 4. ROE increased slightly during the year as compared to last year due to the company's increased earnings as a result of better marketing and pricing strategies. Therefore despite of unfavorable economic conditions, higher discount rates and increased market competition the Company improved its ROE.

Free Cash Flows

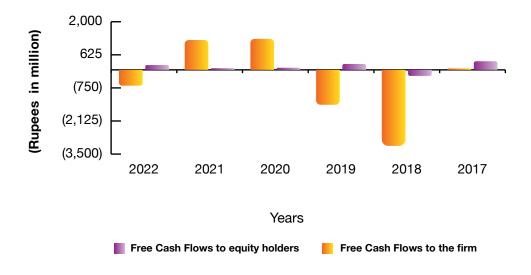
Free Cash Flows to the Firm	2022	2021	2020	2019	2018	2017			
	(Rupees in '000)								
Earning before interest and taxes	1,880,688	1,583,294	882,181	1,166,634	893,145	1,037,061			
Adjustment for non-cash items	329,501	308,968	377,561	276,404	170,312	131,470			
Working capital changes	(1,967,572)	(392,560)	311,532	(2,219,521)	(1,064,481)	(793,190)			
Net cash generated from / (used in) operating activities	242,617	1,499,702	1,571,274	(776,483)	(1,024)	375,341			
Capital expenditure	(899,748)	(259,209)	(283,154)	(673,827)	(3,158,595)	(316,727)			
Free cash flows to the firm	(657,131)	1,240,493	1,288,120	(1,450,310)	(3,159,619)	58,614			
Free Cash Flows to the Equity Holders									
Free cash flow to the firm	(657,131)	1,240,493	1,288,120	(1,450,310)	(3,159,619)	58,614			
Net borrowings	1,295,749	(695,550)	(398,005)	2,078,720	2,985,256	351,174			
Finance cost paid	(437,907)	(475,949)	(801,027)	(383,380)	(77,293)	(51,155)			
Eroo cook flow to the equity helders	200 711	69 004	89,088	245 020	(251 656)	259 622			
Free cash flow to the equity holders	200,711	68,994	09,000	245,030	(251,656)	358,633			

Comments

Free cash flow to the firm decreased as compared to last year mainly due to higher inventory. Likewise, free cash flow to the equity holders declined as compared to last year due to the fact that the company made certain repayments of debts and installed PP Line 4. Further, this also decreased because of increase in finance cost due to increase in discount rates.

Graphical presentation of free cash flow analysis

Free cash flows to the firm and equity holders





Horizontal Analysis - Last Six Years

	2022		2021	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
ASSETS				
Non-Current Assets	6,061,384	1%	5,978,810	7%
Current Assets	8,860,273	34%	6,608,344	18%
Total Assets	14,921,657	19%	12,587,154	13%
EQUITY AND LIABILITIES				
Share Capital and Reserves	6,255,557	4%	6,039,840	27%
Non-Current Liabilities	2,757,510	4%	2,643,027	-8%
Current Liabilities	5,908,590	51%	3,904,287	11%
Total Equity and Liabilities	14,921,657	19%	12,587,154	13%
Statement of Profit or Loss				
Turnover – net	13,502,519	20%	11,255,102	19%
Gross profit	2,314,729	19%	1,937,625	65%
Operating profit	1,880,688	19%	1,583,294	79%
Profit before taxation	1,395,385	16%	1,198,522	1115%
Profit after taxation	885,509	4%	855,092	1117%

2020		2019		2018		2017	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
5,580,510	5%	5,328,751	1%	5,273,537	95%	2,703,235	24%
5,580,221	-7%	6,022,692	47%	4,095,137	43%	2,863,159	14%
11,160,731	-2%		21%	9,368,674	68%		19%
11,100,701							1370
4,774,404	7%	4,466,238	-1%	4,516,005	12%	4,016,877	21%
2,875,037	-5%	3,033,486	1%	2,997,929	287%	774,085	76%
3,511,290	-9%	3,851,719	108%	1,854,740	139%	775,432	-16%
11,160,731	-2%	11,351,443	21%	9,368,674	68%	5,566,394	19%
9,436,193	17%	8,093,407	14%	7,091,653	10%	6,443,932	-6%
1,173,729	-16%	1,400,649	28%	1,098,332	-13%	1,256,478	-21%
882,181	-24%	1,166,634	31%	893,145	-14%	1,037,061	-25%
98,678	-85%	660,080	-14%	764,883	-21%	972,943	-26%
70,235	-88%	562,873	-21%	711,079	1%	702,049	-24%

Vertical Analysis - Last Six Years

	2022		2021	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
ASSETS				
Non-Current Assets	6,061,384	41%	5,978,810	47%
Current Assets	8,860,273	59%	6,608,344	53%
Total Assets	14,921,657	100%		100%
Iotal Assets	14,921,007	100%	12,567,154	100%
EQUITY AND LIABILITIES				
Share Capital and Reserves	6,255,557	42%	6,039,840	48%
Non-Current Liabilities	2,757,510	18%	2,643,027	21%
Current Liabilities	5,908,590	40%	3,904,287	31%
Total Equity and Liabilities	14,921,657	100%	12,587,154	100%
Statement of Profit or Loss				
Turnover – net	13,502,519	100%	11,255,102	100%
Gross profit	2,314,729	17%	1,937,625	17%
Operating profit	1,880,688	14%	1,583,294	14%
Profit before taxation	1,395,385	10%	1,198,522	11%
Profit after taxation	885,509	7%	855,092	8%

2020		2019		2018		2017	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
5,580,510	50%	5,328,751	47%	5,273,537	56%	2,703,235	49%
5,580,221	50%	6,022,692	53%	4,095,137	44%	2,863,159	51%
11,160,731	100%	11,351,443	100%	9,368,674	100%	5,566,394	100%
4,774,404	43%	4,466,238	39%	4,516,005	48%	4,016,877	72%
2,875,037	26%	3,033,486	27%	2,997,929	32%	774,085	14%
3,511,290	31%	3,851,719	34%	1,854,740	20%	775,432	14%
	1000/	11 251 442	1000/	0.262.674	1000/	F 566 204	1000/
11,160,731	100%	11,351,443	100%	9,368,674	100%	5,566,394	100%
9,436,193	100%	8,093,407	100%	7,091,653	100%	6,443,932	100%
1,173,729	12%	1,400,649	17%	1,098,332	15%	1,256,478	19%
882,181	9%	1,166,634	14%	893,145	13%	1,037,061	16%
98,678	1%	660,080	8%	764,883	11%	972,943	15%
70,235	1%	562,873	7%	711,079	10%	702,049	11%

Comments on Horizontal Analysis

STATEMENT OF FINANCIAL POSITION

Fixed Asset

Increase in fixed asset during the current year includes the installation of PP Line IV and solar power project. The installation of PP Line IV increased total capacity by 65 million bags per annum while, solar power contributed to lowering of utility cost.

Investments

The share price of Cherat Cement Company Limited decreased from Rs. 177.38 to Rs. 93.04 which resulted in revaluation loss.

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

Due to business growth and expansion stores, spare parts & loose tools, Stock in trade and Trade debts have increased steadily over the past six years.

Taxation

Advance tax amount has decreased due to higher provision of tax.

Share Capital & Reserves

Increased due to steady profits earned by the Company and issuance of shares in the last six years.

Long Term Loans

The Company has always strived to maintain strong debt equity ratio to optimize returns this is why the Company financed its project as combination of debt and equity. During the year long term loan has reduced as compared to last year because of repaid installments during the year.

Current Liabilities

Current liability mainly comprises of short term borrowings and trade payables. In 2022, the short term borrowings have increased owing to increased working capital requirements, due to increased operations.

STATEMENT OF PROFIT OR LOSS

Turnover

Turnover of the Company has reached approximately Rs. 13.5 billion at the financial year ended 2022 whereas the said turnover was Rs. 6,443 million at the financial 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. 2,314 Million for the year ended 2022 despite of increase in raw material prices, exchange rate devaluation and inflation. This is achieved through company's efficiency in production, effective cost reduction measures, installation of state-of-the-art plant and machinery, effective inventory, supply chain management and retention of valuable human resource.

Operating Profit

Effective cost control measures have resulted in curtailment of increase in administrative and other expenses to keep it under acceptable limits hence it helped Company in achieving better operating profit as compared to previous years.

Finance Cost

The Company's finance cost has increased as compared to last year as inflation warranted the overall increase in discount rates by SBP.

Net Profit

The company's net profit has shown a positive trend in recent years. The Company achieved a net profit of Rs. 886 million during the year, the second highest after 2016.

Comments on Vertical Analysis

STATEMENT OF FINANCIAL POSITION

Non-Current Assets

Increase in Non-Current Assets is due to the increase in property, plant and equipment. This increase is due to the installation of PP Line 4 and solar power project.

Current Assets

Current Assets of the Company primarily increased due to increase in stock-in-trade. This increase is due to the increase in raw material prices, devaluation in currency and strategic procurement in view of future escalation of prices.

Long-term loan

Long-term loan of the Company decreased by Rs. 50.30 million as compared to June-2021 mainly due to TERF loan obtained for PP line-4 of Rs. 655 million and repayment of loans by Rs. 705.3 million during the current year.

STATEMENT OF PROFIT OR LOSS

Gross profit

For the year ended June 30, 2022, the Company reported highest ever gross profit of Rs. 2.3 billion. This was majorly on account of effective marketing strategies, increase in selling prices, efficient production process, etc.

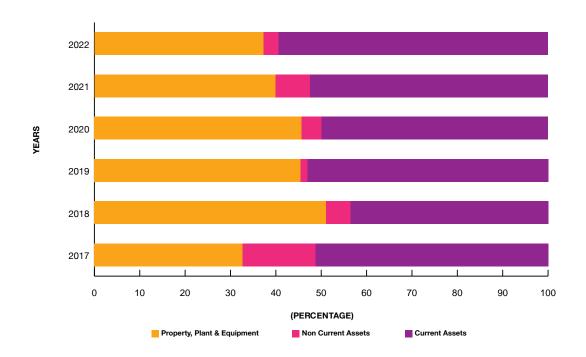
Net profit

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).

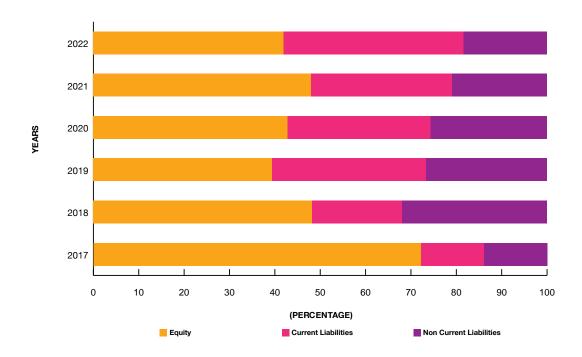


Graphical Presentation of Statement of Financial Position and Statement of Profit or Loss

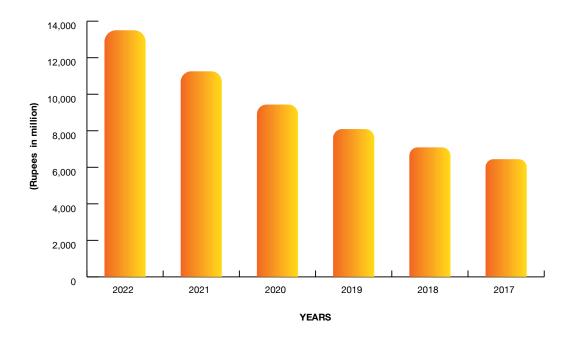
Statement of Financial Position Analysis- Assets



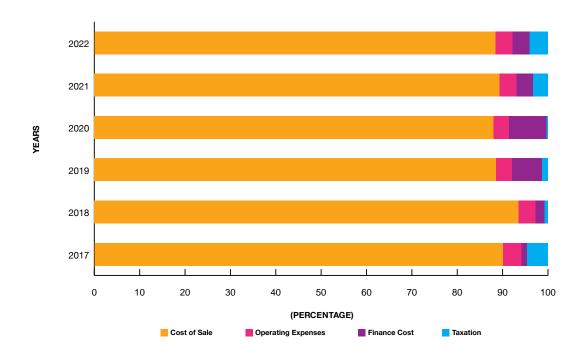
Statement of Financial Position Analysis- Equity & Liabilities



Statement of Profit or Loss Analysis- Revenue

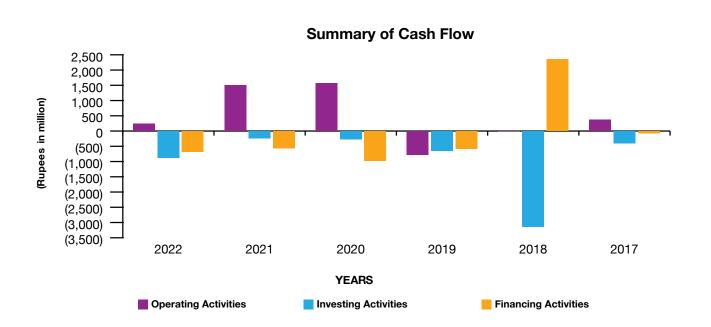


Statement of Profit or Loss Analysis- Expenses



Summary of Statement of Cash Flows-Last Six Years

Free Cash Flows to the Firm	2022	2021	2020	2019	2018	2017
			(Rupees	in '000)		
Net cash generated from / (used in) operating activities	242,617	1,499,702	1,572,080	(776,483)	(1,024)	375,341
Net cash used in investing activities	(881,640)	(236,108)	(274,392)	(650,862)	(3,135,215)	(397,802)
Net cash (used in) / generated from financing activities	(678,605)	(570,109)	(976,240)	(581,874)	2,354,193	(800)
Net (decrease) / increase in cash and cash equivalents	(1,317,628)	693,485	321,448	(2,009,219)	(782,046)	(23,261)
Cash and cash equivalents as at the beginning of the year	(1,922,273)	(2,615,758)	(2,937,206)	(927,987)	(145,941)	(122,680)
Cash and cash equivalents as at the end of the year	(3,239,901)	(1,922,273)	(2,615,758)	(2,937,206)	(927,987)	(145,941)



Comments on Statement of Cash Flows

Cash flow from operating activities witnessed great fluctuation during the period from FY 2017 to FY 2019. The major reason was the optimization of stock-in-trade level with respect to new polypropylene bags plant operations. 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 machinery 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 and 2021 the Company witnessed the highest operating cash flows due to effective working capital management. The decrease in operating cash flow in 2022 is primarily due to increase in stock-in-trade related to the installation of new PP Line IV.

The Company has been in continuous expansion which has governed the cash flow from investing activities. From FY 2017 to FY 2018, the Company installed 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 FY 2021, the Company also installed certain other machineries for Flexible Packaging Division. Company initiated solar power project to look after its energy needs. In FY 2022, the Company installed 0.96 MW solar power to reduce energy cost and additional PP line enhancing its production capacity to 260 million bags per annum.

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. In FY 2019, tough business conditions and higher operational costs compelled the Company to utilize its running finance facility. In the FY 2020 and 2021, the Company was able to repay its borrowings as a result of effective working capital management. During the current year, Company received a loan to finance the installation of new PP line IV.



Statement of Cash Flows Direct Method

for the year ended June 30, 2022

	2022	2021	
	(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	12,994,585	11,011,092	
Cash paid to suppliers and employees	(12,455,868)	(9,266,679)	
Cash generated from operations	538,717	1,744,413	
Net income tax paid	(304,757)	(244,811)	
Long-term loans and security deposits	8,657	100	
Net cash generated from operating activities	242,617	1,499,702	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred-net of borrowing costs	(899,748)	(259,209)	
Additions to intangible assets	(782)	-	
Proceeds from sale of operating property, plant and equipment	12,230	17,773	
Dividend received	6,660	5,328	
Net cash used in investing activities	(881,640)	(236,108)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing-net	(28,536)	(9,511)	
Dividend paid	(212,162)	(84,649)	
Finance costs paid	(437,907)	(475,949)	
Net cash used in financing activities	(678,605)	(570,109)	
Net (decrease) / increase in cash and cash equivalents	(1,317,628)	693,485	
Cash and cash equivalents as at the beginning of the year	(1,922,273)	(2,615,758)	
Cash and cash equivalents as at the end of the year	(3,239,901)	(1,922,273)	

Key Financial Information - Last Six Years

	2022	2021	2020	2019	2018	2017
			(Quantity in	n million)		
Production BMD (Bags)	312.95	327.17	273.17	276.18	346.55	351.97
Production FPD (Kgs)	6.00	4.61	4.429	1.261	0.003	-
Sales BMD (Bags)	303.71	334.23	271.13	270.53	344.78	352.18
Sales FPD (Kgs)	5.860	4.659	4.344	1.171	0.003	-
Commence of Statement						
Summary of Statement of Financial Position			(Rupees in	million)		
Assets						
Non-Current Assets	6,062	5,979	5,580	5,329	5,274	2,703
Current Assets	8,860	6,608	5,580	6,023	4,095	2,863
Total Assets	14,922	12,587	11,160	11,352	9,369	5,566
Equity and Liabilities						
Shareholders Equity	6,256	6,040	4,774	4,466	4,516	4,017
Non-current Liabilities	2,757	2,643	2,875	3,034	2,998	774
Current Liabilities	5,909	3,904	3,511	3,852	1,855	775
Equity and Liabilities	14,922	12,587	11,160	11,352	9,369	5,566
Summary of Statement of Profit or						
Loss						
Turn-over Net	13,503	11,255	9,436	8,093	7,092	6,444
Gross profit	2,315	1,938	1,174	1,401	1,098	1,256
Operating profit	1,881	1,583	882	1,167	893	1,037
Profit before tax	1,395	1,199	99	660	765	973
Profit after tax	886	855	70	563	711	702

BMD = Bags Manufacturing Division

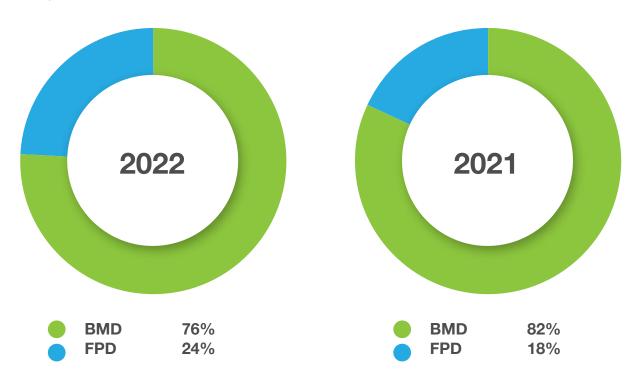
FPD = Flexible Packaging Division

Segmental View of Business Performance

During these difficult times of economic and geopolitical uncertainty, the Company exhibited exceptional performance. Strategic partnership with international suppliers helped the Company in reaping the benefits of raw material availability. The Company also managed to maintain 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 is confident that FPD sales will increase in coming years. FPD contribution in total sales increased to 24% as compared to last year, however, the FPD volume witnessed an increase of 26% 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 due to COVID-19 pandemic, 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. The Company continued its performance and sailing through difficult economic condition posted 2nd highest net profit of Rs. 886 Million.

Debt Repayment

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

Significant Change in Accounting Policies, Judgments, Estimates and assumptions

There is no significant change in accounting policies, judgments, estimates and assumptions during the year

Share Price Sensitivity Analysis

The Shares of Cherat Packaging Limited have been generally seen as a protected and stable venture, however the new market downturn and feeble place of National Economy impacted the cost of the Company's portions. The Share cost fluctuated from at least Rs 95 for each offer to a limit of Rs 200 for every offer during the year. The organization's force towards supported development alongside indications of security in macroeconomic elements, may prompt a steady Share cost in future. On the other hand, this can be additionally impacted by the accompanying elements:

Government Policies

Government Policies affect markets because of their capacity to direct everything from money related arrangement and the cash to the standards and guidelines that can influence the entire business field unfavorably etc. Any certain or adverse choice by the Government would influence the Company's monetary exhibition.

Exchange Gain / Loss

The unpredictability in return rates have influenced the piece of the pie cost as imports influence the Company's edges. The organization is expected to import significant natural substance from world renown organizations round the globe thusly installment has be made in unfamiliar monetary standards I-e; Euro and USD. The Company endures trade gain/misfortune because of development of Pak Rupee versus Euro/US Dollar and in this way organization's productivity get impacted.

Material Price Sensitivity

The productivity of the Company is profoundly subject to natural substance costs and deals volume which eventually likewise influences the offer cost. Rising worldwide item costs has straightforwardly impacted the productivity of the Company which thusly may influence the offer cost. There are different unrefined components which are utilized in the creation either privately obtained or imported by the organization. Significant natural substances are straightforwardly impacted by global unrefined petroleum costs and consequently influence the monetary exhibition of the organization.

Energy Crisis

Energy is one of the essential variable for the supportability

Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30.06.2022 Rs. 112.92 Market Capitalization as of 30.06.2022 Rs. 4,799,871,808

Change in Share Price by

Change in Market Capitalization

+10% Rs. 479,987,181 - 10% Rs. (479,987,181) of Company execution. The ongoing energy emergency have altogether influenced the activities of the Company. The ceaseless climb in energy rates and enthusiasm for fuel costs impacts the monetary presentation of the Company. Organization has intended to introduce Solar boards as a substitute wellspring of energy and the said project is supposed to finish during next monetary year. Establishment of sunlight based power task will bring about saving of energy cost.

Interest Rates

The Company utilizes obligation funding to back its expanded working capital prerequisites because of extended activities; albeit last year organization had gotten sponsored advance for distributions of compensations and wages and long haul credit at sponsored rates, the Company has confronted an expansion in Finance cost during the ongoing monetary year because of the expansion in KIBOR which straightforwardly influence the monetary exhibition of the organization.

.aw & Order

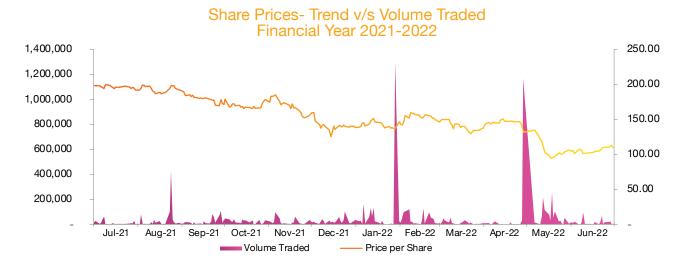
Law and order major areas of strength for and frameworks are viewed as a pre-condition for supported improvement. Organization's exhibition is impacted by the political unsettling influences inside and outside the country. Vulnerability in political circumstances and the rule of law circumstance quickly affect Company's presentation and eventually on share cost.

Plant Operations

For delivering quality items that satisfy client needs, the organization has cutting edge creation office particularly the Polypropylene Plant and Flexible Packaging which prompts higher creation and improved creation productivity. The Company has faith in giving ideal work fulfillment to laborers and staff which limits issues at creation offices.

The Cement and Allied Sector

Albeit the Company is differentiating its tasks, in any case, the Company's principal business is the creation and offer of concrete sacks which joins it straightforwardly to solidify area. Any certain development in concrete industry would straightforwardly affect the monetary exhibition of the Company.



Calendar of Notable Events

July 2021 - June 2022

















HR Transformation Journey at Ghulam Faruque Group (SAP SuccessFactors Implementation)

The future of HR has arrived, and it is 'now'. Consequently, HR must become a function that takes the initiative in figuring out what solutions enable a true convergence of human capability with technology.

SAP SuccessFactors is a flexible, global HR solution that supports HR processes and employee self-services for the total workforce. With SAP SuccessFactors, Ghulam Faruque Group would enable a more flexible, engaged workforce that can adapt to constant change and achieve peak performance.

Presently, Ghulam Faruque Group is in the state of implementing SAP SuccessFactors. There are 4 modules that are set to be implemented in 2 phases; Employee Central; Performance Management Goal Management; Recruitment Management; and Onboarding.

In the first phase, Employee Central and Performance Management Goal Management has already been executed whereas Recruitment Management & Onboarding are scheduled for the 2nd phase.

Performance Management Goal Management:

SAP Success Factors PM/GM is a cloud solution that will streamline the Performance Management and Goals process.

It improves productivity as it aligns employees to corporate goals, increase daily engagement, improves performance accountability and more efficient review process.

The goal is to increase efficiencies and enable an organization to continuously manage the performance of employees

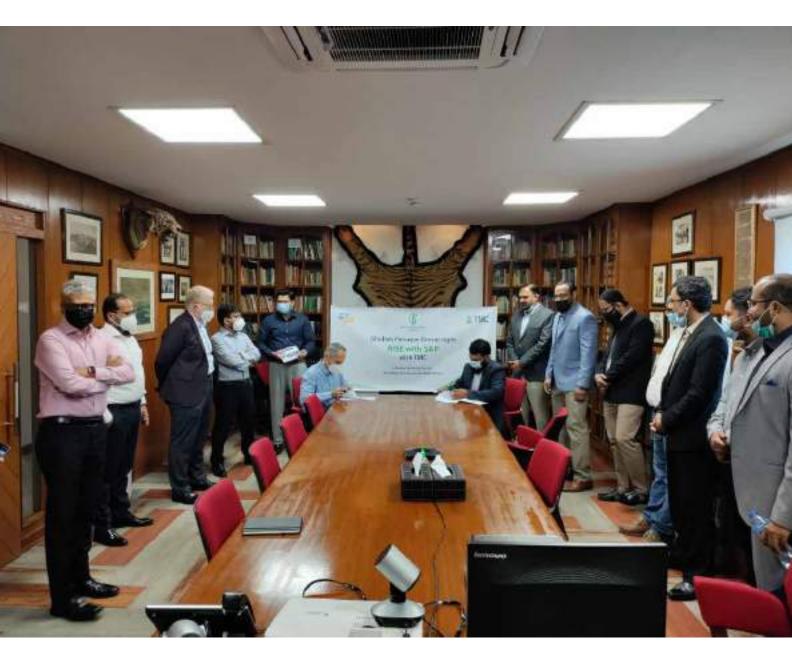
Employee Central:

SuccessFactors Employee Central provides an option to manage key HR operations and contains HR master data like employee name, identification, user name, etc.

As SuccessFactors is a cloud solution and manages quarterly, you can easily accommodate an organization's changing work force structure



ERP Upgradation to Meet Modern Business Essentials



Contract signing for SAP S/4HANA implementation







Cherat Packaging always made sure to match the pace of technological advancement. It can be seen in its production facilities and implementation of world renowned ERP SAP. The SAP ERP was implemented in CPL in the year 2009. It was upgraded and reconfigured from time to time as per the changing needs of the Company. Since SAP has announced that it will stop providing support for the legacy ECC System from 2025, the Company had to take this inevitable decision timely. Moreover, viewing the promising potential of SAP S/4HANA Cherat Packaging Limited decided to convert its current SAP version into SAP S/4HANA. The Company has engaged a renowned SAP consultant for the project. SAP S/4HANA's major benefits are detailed below:

- Simplification: Simplicity is one of the key features of SAP S/4HANA application. It brings about great simplification to the management and administration of the IT landscape. It allows the centralizing of hardware and network resources, and serves as the digital core for business processes.
- Cost Effectiveness: As far as cost efficiency is considered, it brings together all the analytical and transactional capabilities of a variety of systems onto one location. This enhances the decision making process immensely. It also enables to provide better service for customer-centric applications
- Innovation: The company wants to stay ahead of the curve and make decisions that are future ready. SAP S/4HANA sets the stage for future innovation as the technology is evolving rapidly, which means merely 'keeping up' doesn't connect it anymore. It is expected to go-live by October, 2022.

Business Rationale of Major Capital Expenditure

Growth

Cherat Packaging Limited is a growth-oriented Company. In last few years, the Company has managed to increase production capacities of Paper sack bags and Polypropylene bags. Moreover, in the year 2018, the Company diversified its operations and entered into the business venture of Flexible Packaging material. This enabled the Company to provide packaging material to FMCGs, Pharmaceutical industries etc. in addition to Cement sacks, Sugar bags, flour bags, rice bags, etc.

Expansion of Flexible Packaging Business

The Company has decided to invest in another Rotogravure printer along with the allied equipment to increase the production capacity of Flexible Packaging Division. This has been done in view of the encouraging response received by the Company. The order for the equipment has been placed with leading European suppliers including world renowned German based plant manufacturer i.e. M/s. Windmoller & Holscher. The expansion is expected to be completed by March 2023. This will enable the Company to meet the increasing demand of its existing customers and to tap new customers.

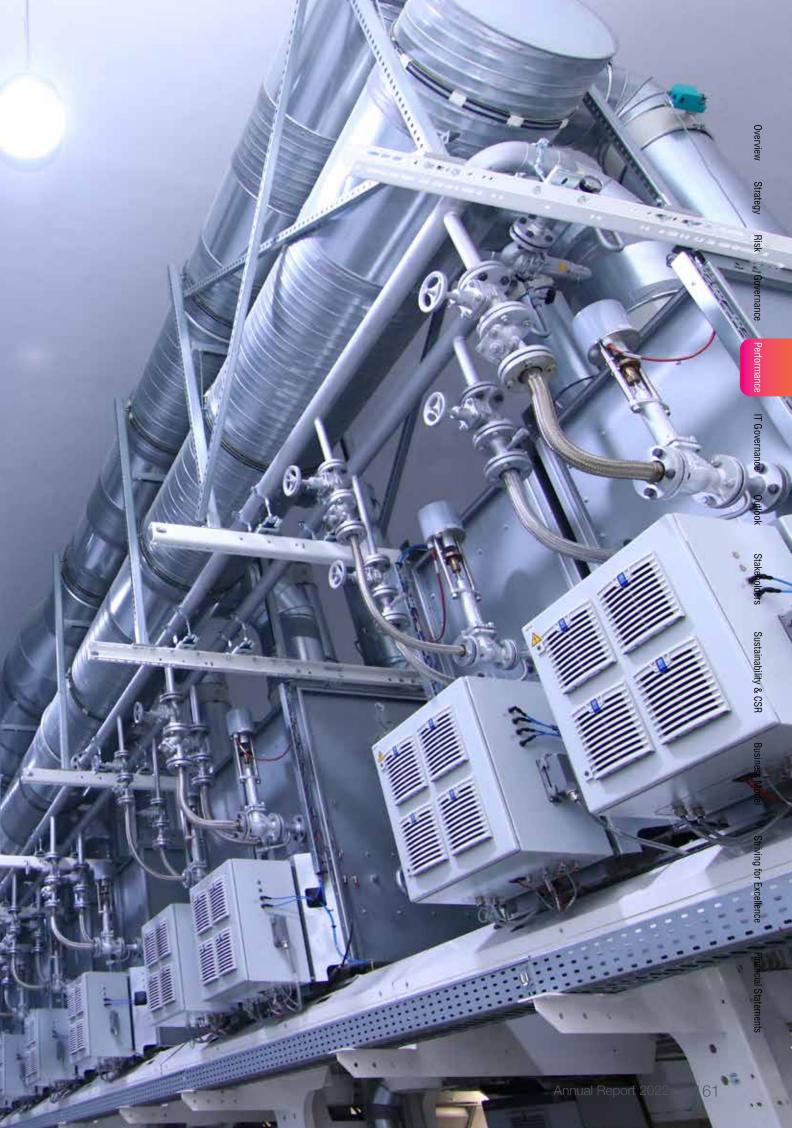
Expansion of Polypropylene Plant:

With the increase in demand of Polypropylene Bags by multiple industries, the Company commissioned its fourth Polypropylene line during the year. This line has been acquired from Windmöller & Hölscher. The line was financed through TERF financing facility offered by the Government of Pakistan. It is the most advanced and efficient equipment of its kind and has a capacity of approximately 65 million bags per annum, which has increased the total production capacity of the Polypropylene Division to 260 million bags per annum. This will not only enable the Company to meet the demand of its valued customers in an effective manner but will also assist in improving efficiency as a result of economies of scale.

Installation of Solar Panels

During the year, the Company installed 0.96 MW of Solar Panels in its Flexible Packaging Division. Since energy costs are on the rise, installation of Solar Panels will enable the Company to control its rising energy cost and ultimately production cost. Further, it will assist the Company to meet its aim to reduce all adverse environmental aspects arising out its operations through production and usage of green energy.





Disclosures on IT Governance and Cybersecurity



IT Governance Policy

The Company has a well-conceived and implemented IT Governance Policy which seeks to ensure that it is aligned with Cherat'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 Cherat'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 respect of implementation and monitoring of IT investments for Cherat.

The Company'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.

IT Security Policy

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

The purpose of the Policy is to protect Company information assets from all types of threats including cybersecurity threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.

It is the Policy of the Company to ensure that:

- Information will be protected against unauthorized access.
- Confidentiality of information will be assured by protection from unauthorized disclosure or intelligible interruption.
- Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
- Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standard.
- Disaster Recovery Plans will be produced, maintained and tested, to ensure that information and vital services are available to Company when needed.
- Information on security matters will be made available to all staff.
- All breaches of information security, actual or suspected, will be reported to and investigated by the Cybersecurity Security Officer / Internal Audit.
- The controls, rules and procedures for all individuals accessing and using an organization's IT assets and resources

Standards

Standards have been produced to support the policy. These standards include regulations, guidelines and procedures covering matters such as (not limited to) cybersecurity threats, data security, backup, endpoints users control and password:

- Business requirements for the available of information and information system will be met.
- The role and responsibility for managing information security will be assigned to a designated Cybersecurity Officer / Internal Audit.
- The information Security Officer / Internal Audit will be responsible for maintaining the policy and providing advice and guidance on its implementation.
- All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
- It is responsibility of each employee to adhere to the Policy.

Industry specific requirements for cybersecurity and strategy

IT steering committee has approved and enforce IT teams to implement multiple controls for cybersecurity attacks & risks mitigation.

As per direction of the IT steering committee; the IT team has implemented multiple controls like next generation edge network firewalls, user end-point security system, email security gateway and user access policy & procedures as best industry practices to ensure secure environment from any type of cybersecurity threats.

Board's risk oversight function for Cybersecurity

When it comes to cybersecurity governance, company board of directors has specifically assigned agenda to IT steering committee to align with management on the appropriate risk appetite related to cybersecurity.

Management engagement with the board

The Board's audit committee while performing risk oversight function also reviews and evaluates the cybersecurity risks. The budgets and capex for Network upgradation and strengthening cyber security are approved by the Board after detailed presentation by the management. Internal Audit department regularly performs network and cyber security audits, the results of which are presented to the Board's Audit Committee.

Formation of Board Level Committee

Through its oversight function the IT steering committee plays an important role in encouraging management to take broader ownership of cybersecurity risk, and it is incumbent on them to understand if and how the responsibility for cybersecurity is shared across the company.

Cybersecurity risks and mitigation factors are included in agenda of IT steering committee meeting with respect to discussions about strategy and risk, prioritizing self-education and external advice to improve cybersecurity risk controls.

IT security policy, controls, procedures & third party audit are reviewed in IT steering committee meeting and ensure that all the recommendations identified in third party security audit report should be implemented.

Controls and procedures about cybersecurity risks and incidents

Networks and systems are constantly evolving due to threats, organizational growth or new regulatory & business requirements. Traditional analysis products focus on recording and identifying company-wide threats through logging, analysis and reporting over time.

Company has deployed multiple systems to secure IT systems and data i.e network firewall, email security gateway and end point security systems which are all monitored by system and firewall log Analyzer.

Firewall Log Analyzer is powerful log management tool which acts as analytics and reporting platform. It provides organization with a single console to manage, automate, orchestrate, and respond, enabling simplified security operations, proactive identification and remediation of risks, and complete visibility of the entire attack landscape.

Few measures that IT team have implemented includes advanced threat detection capabilities, centralized security analytics, end-to-end security posture awareness and control and Firewall Security Fabric helps security teams to identify and mitigate threats proactively.

Comprehensive security assessment of technology environment

Information Security Policies and assessment of IT objects serve as the backbone of any mature information security program. IT steering committee has implemented information security policies that support its organizations' business objectives while also adhering to industry standards and regulations. Board of directors always fully support and participate in the development, enforcement of information security policies and independent third party security assessment of IT environment to ascertain the security level of the company and communicate the findings thereon.

During the year, board has approved and executed Vulnerability Assessment and Penetration Testing (VAPT) of IT assets from third party which provides enterprises with a comprehensive application evaluation than any single test alone. Using the VAPT approach gives an organization a more detailed view of the threats facing its applications, enabling the business to better protect its systems and data from malicious attacks. Vulnerabilities can be found in applications from third-party vendors and internally made software, but most of these flaws are easily fixed once found. Using a VAPT provider enables IT security teams to focus on mitigating critical vulnerabilities while the VAPT provider continues to discover and classify vulnerabilities.

VAPT report submitted by Third Party and duly reviewed by the IT steering committee members and enforce IT security teams to do measures against the gaps identified in the report.

Contingency and disaster recovery plan

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

Business Continuity Plan

Business Continuity
Planning is a process
used to develop a
practical plan for how a
business can recover or
partially restore critical
business activities
within a predetermined
timeframe after a crisis
or disaster.

Manufacturing Facilities

The Company's manufacturing facility is at Swabi, Khyber Pakhtunkhwa and is a



state of the art construction with its structure being earthquake proof. The building is fire resilient and fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Hence, partial

loss would not affect the Company's operations. Moreover, other locations of the Ghulam Faruque 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 updated from time to time to have an up to the mark solution for the anticipated problems. For the purposes of such identification, independent studies are conducted and drills are carried out. Based on the results obtained from these studies and drills, plans are updated.

Disaster Recovery Plan and IT Infrastructure

The Company's production server facility is 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 glitches in the event of an infrastructural damage at any particular location. Moreover, the Company is situated at various locations across Pakistan and operations may be carried out through all such locations. Also, at the time of imposition of lockdowns by the government due to COVID-19 pandemic, the employees of the Company were able to work from home smoothly via VPN clients.

Cyber Insurance

Cybersecurity insurance, is a contract that an entity can purchase to help reduce the financial risks associated with doing business online. In exchange for a monthly or quarterly fee, the insurance policy transfers some of the risk to the insurer.

Cybersecurity insurance is a new and emerging industry. Companies that purchase cybersecurity insurance today are considered early adopters. Cybersecurity policies can change from one month to the next, given the dynamic and fluctuating nature of the associated cyber-risks. Unlike well-established insurance plans, underwriters of cybersecurity insurance policies have limited data to formulate risk models to determine

insurance policy coverages, rates and premiums.

Currently we have no specific Cyber insurance. But we have kept the option of DR as contingency in any case of theft, disaster and cyberattack to restore the data and hardware. Resources are available to make data and hardware to restore at any level with all harmony of DR & BC.

Advancement in digital transformation

In the past few decades, a fourth industrial revolution has emerged, known as Industry 4.0. Industry 4.0 takes the emphasis on



digital technology from recent decades to a whole new level with the help of interconnectivity through the Internet of Things (IoT), access to real-time data, and the introduction of cyber-physical systems. Industry 4.0 offers a more comprehensive, interlinked, and holistic approach to manufacturing. It connects physical with digital, and allows for better collaboration and access across departments, partners, vendors, product, and people. Industry 4.0 empowers business owners to better control and understands every aspect of their operation, and allows them to leverage instant data to boost productivity, improve processes, and drive growth.

There are hundreds of concepts and terms (ERP, IoT, RPA, Block Chain, Al, Big data, Cloud Computing etc) that relate to Industry 4.0, but we have to decide in which domain we want to invest in Industry 4.0 solutions as per our business requirement.

In our case, board of directors in IT steering committee decided to invest in ERP and Cloud computing to improve business process management tools and reporting that can be used to manage information across an organization.

Cloud computing is the delivery of computing services—including servers, storage, databases, networking, software, analytics, and intelligence - over the Internet ("the cloud") to offer faster innovation, flexible resources, and economies of scale. Organization typically pay only for cloud services.

The Board of Directors has decided to migrate company's on premises SAP ERP solution to SAP S/4HANA on cloud in IT steering committee. The Company is now moving towards SAP S/4HANA and Successfactors on cloud. Multiple cloud service provider solutions have been reviewed and evaluated in IT steering committee and finalized one cloud service provider. SAP S/4HANA and Success factor on cloud is on execution phase and expected to be live by October 2022.

Staff training to avoid Cybersecurity threat & risks

IT steering committee advised IT team to regularly inform and organize training for the Company's end users to follow best standard practices to avoid any cybersecurity threats & risks.

IT team regularly conducts information security awareness sessions. The purpose of security awareness is to focus attention on security, creating sensitivity to the threats and vulnerabilities of computer systems and recognition of the need to protect data, information and systems. Security awareness training helps to minimize risk thus preventing the loss of Personal Identification Information (PII), Internet Protocols (IP), and money or brand reputation. An effective awareness training program addresses the cybersecurity mistakes that employees may make when using email, the web and in the physical world such as tailgating or improper document disposal.







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Forward Looking Statement

COVID 19 had a significant impact on manufacturing industry globally. However, Pakistan has recovered quickly registering a GDP growth of 5.97% in FY 22 higher than the growth rate of 5.74% last year. The Country witnessed a combination of both recovery and growth, and this has been reflected by continued growth prospects and positive business sentiments.

Following a decline in COVID cases due to mass vaccination allowed businesses around the world to resume business activities which caused immense pressure over global supply chain. Such pressure caused surge in prices of various material including packaging raw material. Further, recent Russia-Ukraine war further deteriorated already precarious economic conditions. The aforementioned factors are causing rampant inflation in Pakistan and world-wide. Additionally, economic slowdown followed by recent floods also affected the Country. Consequently, the current account deficit, significant currency depreciation and substantial increase in fuel / electricity costs, increase in food prices, global supply chain disruptions and rising inflation poses a significant challenge to future prospects in the upcoming year. Due to aforementioned factors and global recession fears we are expecting a slowdown in economy.

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 supply chain disruptions & Russia Ukraine war. In order to curb the negative impact of this, the company has harnessed strategic relationships with its key international & local 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 installed 0.96 MW solar power panels at its Flexible Packaging Division which is contributing to savings in utility expense. 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. 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 observing 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, allowing 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 customers need and feedback. The Company is expecting that the FMCG companies will gain benefit from such measures. 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's 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) and Halal certified.

As the management fully supports the government's stance of COVID vaccination, it also encouraged that all of its employees get booster dose. 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's management is adroitly monitoring the business needs and is taking all suitable measures to protect the interests of stakeholders.

Financial Projections

The Company remains positive and confident about future prospects and expects to perform well in the ensuing years. Although, the Company expects pressure on local and export markets in view of ongoing crises, which will affect us also. Competition in the local bags sales is also expected to increase due to entry of new players which may put pressure on profitability of 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 Company is confident of having higher revenues from Flexible Packaging Division due to increased capacity utilization. Furthermore, the Company expects to achieve higher export sales through consistent efforts. Future revenue projections based on management's best judgment and estimates are as follows:

> 2022-23 2023-24 2024-25 -----(Rupees in '000)-----

18,349,879 19,524,271 21,261,931

Revenue

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 unrealistic assumptions and targets.

Company Performance Against Last Year Projections

Based on prevailing economic conditions and expectations at the start of the FY 2022, the Company anticipated moderate growth keeping in view the impact of ongoing global supply chain disruptions. Due to decrease in cement dispatches on account of rapid increase in discount rates by SBP and resultant slow-down of economy, the Company witnessed decrease in Kraft paper and PP bags sales. Nevertheless, the Company successfully achieved, in fact surpassed, the budget of FPD sales owing to efficacious marketing strategies, efficient production, effective management, and growing demand of FMCG products. The gains availed in shape of increased GP were partially eroded by increased discount rates and nascent super tax. Nonetheless, the profit after tax remained higher than budget due to price escalations, better margins than expected and impactful management during swayed and uncertain economic conditions. Almost all financial and non financial targets established during last year were met to a greater extent.

Status of Projects

The Company anticipating the growth and outlook required expansion in capacities to meet increased customer demands. In this regard, the Company has established L/C for Roto Gravure printer. The project is expected to be commissioned by March 2023. Although, the Company has already made on 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.

Stakeholders'
Relationship
and Engagement

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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, inhouse 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 / rumors 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 Thursday October 21, 2021 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.

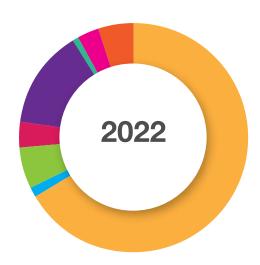
Replying to the query regarding COVID -19 impact, the management informed that the Company remains cautiously optimistic for the year ahead. Development of multiple vaccines and their gradual roll-out have created hope of healthy recovery next year. Despite measures taken by the government to curtail 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.

In respond to another query regarding new PP line, the management told that the 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.

Statement of Value Addition and Distribution of Wealth

	2022		2021		
	(Rupees in '000)	%	(Rupees in '000)	%	
Wealth generated Net Sales (including Sales Tax)	15,717,512	99.75%	13,112,436	99.73%	
Other operating Income	39,668	0.25%	35,669	0.27%	
	15,757,180	100.00%	13,148,105	100.00%	
Distribution of wealth					
Cost of sales (Excluding employees' remuneration)	10,475,619	66.48%	8,746,040	66.52%	
Distribution, Administration and certain other expenses (Excluding employees' remuneration)	231,355	1.47%	168,309	1.28%	
Employees' remuneration Government as direct taxes	930,347	5.90%	771,182	5.86%	
(including Workers' Welfare Fund)	532,440	3.38%	364,121	2.77%	
Government as indirect taxes	2,214,993	14.06%	1,857,334	14.13%	
Dividends*	106,268	0.67%	212,535	1.62%	
To debt providers	485,303	3.08%	384,772	2.92%	
To society as donation	1,613	0.01%	1,255	0.01%	
Retained	779,242	4.95%	642,557	4.89%	
	15,757,180	100.00%	13,148,105	100.00%	

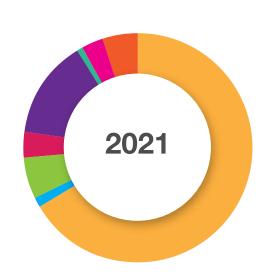
^{*}Subsequent to year ended June 30, 2022, the Board of Directors in its meeting held in August , 2022 has proposed final cash dividend @ Rs. 1.5 per share amounting to Rs. 63.77 million (2021: Rs. 4 per share amounting to Rs. 170.03 million) for approval of the members at the Annual General Meeting.



Distribution of wealth

 Cost of sales (Excluding employees' remuneration) Distribution, Administration and certain other expenses 	66.48%
Distribution, Administration and certain other expenses (Excluding employees' remuneration)	1.47%
 Employees' remuneration Government as direct taxes 	5.90%
(including Workers' Welfare Fund)	3.38%
Government as indirect taxes	14.06%
 Dividends* 	0.67%
 To debt providers 	3.08%
 To society as donation 	0.01%
Retained	4.45%

Distribution of wealth	
 Cost of sales (Excluding employees' remuneration) Distribution, Administration and certain other expenses 	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%









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 Quality Management (QMS) 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 and BRC (British Retail Consortium to strive towards continuous improvement in food safety).

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 outlaid 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 form 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. Company has successfully obtained NOC from NEPRA for production of solar energy and also completed the procedure of net metering subsequent to the year end.

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-theart 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.

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, Coefficient of fraction (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.

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.

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.

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 dayto-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 re-dress 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

KEY PERFORMANCE INDICATORS

	A I	Fatality
	3	Lost Time Incident
	0	Restricted Workday Case
C	6	Medical Treatment Case
	33	First Aid
	1	Environmental Incident
	0	Explosion
	4	Fire incident
	2	Property Damage
/	11	Near Miss
	91 (Open = 08)	SOR (Safety Observations Report)
	2,753,592	CPL Man Hours
	2,698,332	CPL Safe Man-Hours

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

AW	AWARENESS / PREPAREDNESS				
Quarter	Sessions Conducted	Topics / Scenarios			
First	17	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	12	Hot work , Emergency response plan Compressed cylinders safety Forklift operations, Firefighting Risk assessment. MEDEVAC Drill was exercised			
Third	11	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	13	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 respond to a pandemic.

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.

The Company has formulated an efficient policy for sustainability and corporate social responsibilities in accordance with the SECP's CSR guidelines 2013 and the Companies' Act 2017. The Board approves the CSR activities with respect to monetary and avenue terms.

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.







Our Business Model

INPUTS.

PROCESS.



- 253 employees

MANUFACTURED CAPITAL

- 5 Paper bag lines
- 4 PP bag lines
- Flexible Packaging Division (FPD)
 - o Flexo
- Raw material procured: Rs.11.13 billion

FINANCIAL CAPITAL

- From net assets of Rs. 6.04 billion to Rs. 6.26 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

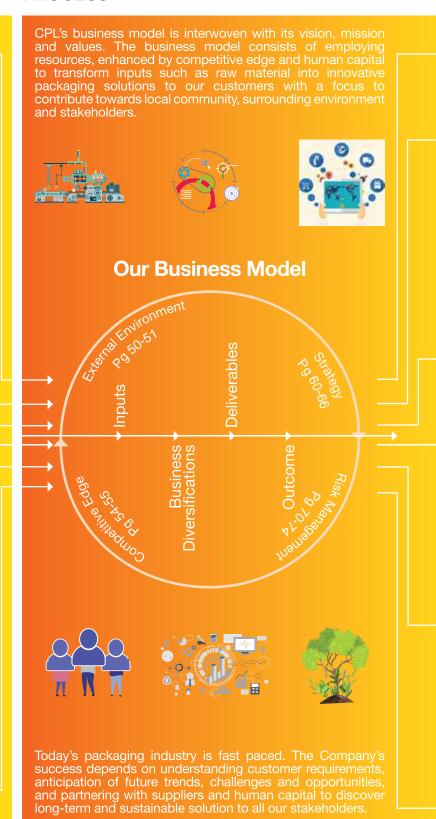


- Largest international suppliers
 - o Mondi Packaging
 - o SABIC
 - o Windmoller & Holscher
- Strong customer base in Bags Manufacturing Division (BMD)
- Evolving customer base in FPD
- Best raw material procurement

NATURAL CAPITAL



- Adherence to EMS
- Conventional to green energy



◆ OUTPUTS. **OUTCOMES**





Turnover: Rs. 13.50 billion





Migration to SAP S4 HANA in

SAP-Success Factor



Stock dividend@10%

Rs. 505 million

Relations enhanced with Mondi Packaging, SABIC and Windmoller & Holcher



Rs. 120 million

from PEDO

HUMAN CAPITAL

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

MANUFACTURED CAPITAL

- Turnover increased by Rs. 2.25 billion
- Investment in new support machines
- Established L/C for 2nd Rotoline

FINANCIAL CAPITAL

- Net profit Rs. 885.51 million
- Operating cash flows generated Rs. 242.62 million

INTELLECTUAL CAPITAL

- Improvement in network security
- Upgrading ERP

SOCIAL AND RELATIONSHIP CAPITAL

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

NATURAL CAPITAL

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

Striving for

Excellence in

Corporate

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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 2.4 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 2.4 does not have any material impact to the financial statements.

Amer Faruque
Chief Executive

Ratios in respect of Companies listed on the Islamic indices

Ratios	Unit	2022	2021
Income generated from prohibited component to total income	%	0.07	0.06
Interest taking deposits to market capitalization	%	0.15	0.02
Loan on interest to market capitalization	%	96.81	38.41
Net Liquid assets per share to market value per share	%	51.41	27.32

Karachi: August 24, 2022

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 as per the guidelines of the International Integrated Reporting (IR) framework and the Global Reporting Initiative (GRI) Standards. The report's aim is 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.

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 Paper sack bags, Polypropylene 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 are used. The Company strives 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 it is 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 impacted 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 resilience 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 this report provides 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, 2021 till June 30, 2022.

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, 2022

Amer Faruque
Chief Executive

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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

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) International

IASB Accounting Standards Board.

IFRS International Financial Reporting Standards.

KIBOR Karachi Inter Bank Offer Rate.

KPK Khyber Pakhtunkhwa

NEQS National Environmental Quality Standards

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

PSD Paper Sack Division

Security A pledge made to secure the performance of a contract or the fulfillment 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.

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	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 reappointment 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.	120
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	Further, the Company should not make such detailed disclosures that could compromise its cybersecurity efforts – for example, by providing a "roadmap or product details" for those who seek to penetrate a company's security protections. However, companies should disclose IT governance and cybersecurity risks and incidents that are material to investors, including the associated financial, legal, or reputational consequences, if any.	
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INDEPENDENT AUDITOR'S REPORT

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 2022, 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 2022 and of the profit, other comprehensive loss, 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

1. Valuation of stock-in-trade

As at reporting date, the Company held stock-intrade amounting to Rs. 4,661.360 million which constitutes 31.222% of total assets, as disclosed in note 10 to the financial statements.

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. Judgments are required to determine the appropriate basis for costing and its valuation.

Given the significance of the amount involved and the level of judgments and estimates required to value the stock-in-trade, we have identified valuation of stock-in-trade as a key audit matter. Our key audit procedures in this area amongst others included the following:

- Obtained an understanding of the Company's valuation process for stock-in-trade and tested controls relevant to such process.
- 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.
- Tested the NRV of the stock-in-trade by performing a review of sales close to and subsequent to the year end and comparing with the cost for a sample of products.
- 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.
- Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.

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.

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 Omer Chughtai.

Chartered Accountants

Place: Karachi

Date: 30 August, 2022

UDIN: AR202210120sVT9ZtaPg

Statement of Financial Position

As at June 30, 2022

	Note	2022 2021 (Rupees `000)		
ASSETS		(1.12)		
NON-CURRENT ASSETS Fixed assets				
Property, plant and equipment Intangible assets	4 5	5,555,646 4,599	5,015,073 4,649	
Long-term investments Long-term security deposits	6 7	5,560,245 500,418 721	5,019,722 949,710 9,378	
		6,061,384	5,978,810	
CURRENT ASSETS Stores, spare parts and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short-term prepayments Other receivables	8 9 10 11 12 13	480,428 4,661,360 2,840,738 6,378 34,915 263,260	389,371 3,152,295 2,254,629 11,682 39,937 162,475	
Taxation – net Cash and bank balances	14	544,069 29,125 8,860,273	575,487 22,468 6,608,344	
TOTAL ASSETS		14,921,657	12,587,154	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES Share capital Reserves	15 16	425,069 5,830,488 6,255,557	425,069 5,614,771 6,039,840	
NON-CURRENT LIABILITIES Long-term financing Deferred taxation Government grant	17 18 19	1,781,601 732,555 243,354 2,757,510	2,065,544 571,478 6,005 2,643,027	
CURRENT LIABILITIES Trade and other payables Accrued mark-up Short-term borrowings Current maturity of long-term financing Current maturity of Government grant Unpaid dividend Unclaimed dividend	20 21 17 19 22 22	1,772,086 145,983 3,269,026 676,024 34,811 2,350 8,310	1,146,325 88,392 1,944,741 703,007 11,535 2,408 7,879	
CONTINGENCIES AND COMMITMENTS	23	5,908,590	3,904,287	
TOTAL EQUITY AND LIABILITIES		14,921,657	12,587,154	

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

Amir Faruque
Chief Executive Officer

Shehryar Faruque
Director

Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022 2021 (Rupees `000)	
		(nupee	:5 000)
Turnover – net	24	13,502,519	11,255,102
Cost of sales	25	(11,187,790)	(9,317,477)
Gross profit		2,314,729	1,937,625
Distribution costs Administrative expenses Other expenses	26 27 28	(254,813) (143,015) (75,881) (473,709)	(194,638) (105,918) (89,444) (390,000)
Other income	29	39,668	35,669
Operating profit		1,880,688	1,583,294
Finance costs	30	(485,303)	(384,772)
Profit before taxation		1,395,385	1,198,522
Taxation Current Prior Deferred	31	(335,562) (613) (173,701) (509,876)	(4,466) - (338,964) (343,430)
Net profit for the year	-	885,509	855,092
Earnings per share - basic and diluted	32	Rs. 20.83	Rs. 20.12

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

Amir Faruque
Chief Executive Officer

Shehryar Faruque
Director



Statement of Comprehensive Income

For the year ended June 30, 2022

	2022 2021 (Rupees `000)		
Net profit for the year	885,509	855,092	
Other comprehensive (loss) / income			
Items that may not be reclassified subsequently to the statement of profit or loss: Unrealized (loss) / gain on remeasurement of equity instrument			
at fair value through other comprehensive income	(449,338)	480,611	
Actuarial (loss) / gain on defined benefit plan - net of deferred tax	(7,919) (457,257)	14,747 495,358	
Total comprehensive income for the year	428,252	1,350,450	

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

Amir Faruque
Chief Executive Officer

Shehryar Faruque
Director

Sustainability & CSR

Performance

Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		(Rupee	s `000)
Profit before taxation		1,395,385	1,198,522
Adjustments for: Depreciation Amortization Gain / (Loss) on disposal of operating property, plant and equipment Government grant amortized Share of profit from joint venture Dividend income Finance costs (Increase) / decrease in current assets: Stores, spare parts and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short-term prepayments Other receivables	4.1.4 5.1 4.1.5 19 29 29 30	354,931 832 2,209 (21,765) (46) (6,660) 485,303 814,804 2,210,189 (91,057) (1,509,065) (586,109) 5,304 5,022 (100,785)	333,369 986 (9,485) (10,555) (19) (5,328) 384,772 693,740 1,892,262 (66,518) (529,831) (288,049) (10,906) 397 114,575
Increase in current liabilities: Trade and other payables Cash generated from operations		(2,276,690) 605,218 538,717	(780,332) 632,483 1,744,413
Income tax paid Long-term loans and security deposit - net		(304,757) 8,657	(244,811) 100
Net cash generated from operating activities		242,617	1,499,702
CASH FLOWS FROM INVESTING ACTIVITIES Capital expenditure incurred - net of borrowing costs Additions to intangible assets Proceeds from disposal of operating property, plant and equipment Dividend received Net cash generated from / (used in) in investing activities	4.2 4.1.5	(899,748) (782) 12,230 6,660 (881,640)	(259,209) - 17,773 5,328 (236,108)
CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing - net Finance costs paid Dividend paid Net cash used in financing activities Net (decrease) / increase in cash and cash equivalents		(28,536) (437,907) (212,162) (678,605)	(9,511) (475,949) (84,649) (570,109) ————————————————————————————————————
Cash and cash equivalents as at the beginning of the year		(1,922,273)	(2,615,758)
Cash and cash equivalents as at the end of the year	36	(3,239,901)	(1,922,273)

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

Amir Faruque Chief Executive Officer **Shehryar Faruque** Director

Statement of Changes in Equity

For the year ended June 30, 2022

		Reserves						
	Issued,	Capital Reserve	Revenue	e Reserves	Other Compon	ents of Equity		
	Subscribed and Paid-up Capital	Share premium	General reserve	Unappro- priated profit	Actuarial gain / (loss) on gratuity fund-net of deferred tax	Unrealized gain / (loss) on listed equity investment	Sub-total	Total
				(Rupe	es `000)			
Balance as at July 01, 2020	425,069	998,628	180,000	2,906,598	242	263,867	4,349,335	4,774,404
Final cash dividend for the year ended June 30, 2020 @ Re. 1.00 per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Interim cash dividend for the 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
Balance as at June 30, 2021	425,069	998,628	180,000	3,676,676	14,989	744,478	5,614,771	6,039,840
Balance as at July 01, 2021	425,069	998,628	180,000	3,676,676	14,989	744,478	5,614,771	6,039,840
Final cash dividend for the year ended June 30, 2021 @ Rs. 4.00 per share	-	-	-	(170,028)	-	-	(170,028)	(170,028)
Interim cash dividend for the year ended June 30, 2022 @ Re. 1.00 per share	-	-	-	(42,507)	-	-	(42,507)	(42,507)
Net profit for the year	-	-	-	885,509	-	-	885,509	885,509
Other comprehensive income for the year	-	-	-	-	(7,919)	(449,338)	(457,257)	(457,257)
Total comprehensive loss for the year	-	-	-	885,509	(7,919)	(449,338)	428,252	428,252
Balance as at June 30, 2022	425,069	998,628	180,000	4,349,650	7,070	295,140	5,830,488	6,255,557

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

Amir Faruque
Chief Executive Officer

Shehryar Faruque
Director

For the year ended June 30, 2022

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 (immovable assets)	Plot # 26 Gadoon Amazai Industrial Estate, District Swabi (Land measuring area - 13 acres)
Flexible packaging division (immovable 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 During the year, the Company successfully installed PP Line 4. The total cost of project amounted to Rs. 791.56 million. With this capitalization, the total capacity of the Company increased by 65 million bags per annum. The project was financed through a TERF loan of Rs. 655 million offered by the Government at a subsidized rate.

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);
- 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 Standards, interpretations and amendments applicable to financial statements

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant

For the year ended June 30, 2022

effect on the Company's operations and therefore not detailed in these financial statements.

2.4 Standards, amendments and improvements to IFRSs that are not yet effective

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

Amendment or i	mprovement	Effective date (annual periods beginning on or after)
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)

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

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.

For the year ended June 30, 2022

Standard or in	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

2.5 Significant accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates and judgments 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 judgments 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 recognised prospectively.

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

2.5.1 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. 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.

2.5.2 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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

For the year ended June 30, 2022

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.

2.5.3 Stock-in-trade, stores, spare parts and loose tools

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.

2.5.4 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.

2.5.5 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.

2.5.6 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 analysed. 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 polices 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

For the year ended June 30, 2022

performance beyond the current estimated levels are capitalised and the assets so replaced, if any, are retired.

Gains or losses on disposal of property, plant and equipment, if any, are recognised 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 recognised 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 amortisation and impairment loss, if any. Intangible assets are amortised on straight line method when assets are available for use. Amortisation is charged from the month of the year in which addition / capitalisation occurs while no amortisation 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 recognises 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 recognise 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 recognises 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 recognised 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 recognised directly in other comprehensive income.

For the year ended June 30, 2022

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 recognised 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 amortised 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

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash and cheques in hand, current and saving accounts with banks and short term borrowings.

For the year ended June 30, 2022

3.8 Share capital

Ordinary shares are classified as equity and recognised 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

a) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (FVOCI); and
- Financial assets at fair value through profit or loss (FVPL)

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely

For the year ended June 30, 2022

payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in unconsolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company has not designated any financial asset at FVOCI.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in unconsolidated statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has not designated any financial asset at FVPL

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's unconsolidated statement of financial position) when

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For the year ended June 30, 2022

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) 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.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forwardlooking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be at a risk of default when contractual payments are 180 days past due, unless there are factors that might indicate otherwise. However, in certain cases, the Company may also 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.

3.9.2 Financial liabilities

Financial liabilities - loans and borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently carried at amortised cost using the effective interest method. These are

For the year ended June 30, 2022

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 recognised 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 recognised 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 recognised in the statement of profit or loss.

3.14 Revenue recognition

Revenue is recognised 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 recognised on the following basis:

3.14.1 Sale of goods

Revenue from sale of goods is recognised 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.

For the year ended June 30, 2022

3.14.2 Other income

Profit on savings accounts is recognised on effective interest rate method.

Dividend income is recognised 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 recognised in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised 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 recognised 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

The change for current taxation is based on taxable income at the current rates in accordance with Income Tax Ordinance, 2001.

3.17.2 Deferred

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are recognised 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 utilised.

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 utilised.

As the provision for taxation has been made partially under the normal basis and partially under the

For the year ended June 30, 2022

final tax regime, therefore, the deferred tax liability has been recognised 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 recognised 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 recognised 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 capitalised 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 recognised, 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 recognises an allowance for expected credit losses (ECLs) for all debt instruments not

For the year ended June 30, 2022

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 recognises 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 270 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 recognised 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 recognised 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 recognised 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.

For the year ended June 30, 2022

4.	PROPERTY, PLANT AND EQUIPMENT		2022		
		Note	(Rup	oees `000)	
		4 4	E 40E 404	4.757.440	
	Operating property, plant and equipment	4.1	5,425,194	4,757,442	
	Capital work-in-progress (CWIP)	4.2	130,452	257,631	
			5,555,646	5,015,073	

4.1 Operating property, plant and equipment

		ACCUMULATED DEPRECIATION				NET BOOK VALUE	DEPRECIATION RATE			
2022	As at July 01,	Additions* (Note 4.2)	Disposals (Note	As at June 30,	As at July 01,	Disposals	Charge for the year	As at June 30,	As at June 30,	%
Description	2021	,	4.1.5)	2022	2021		(Note 4.1.4)	2022	2022	per annum
					- (Rupees '000))				
Leasehold land	77,022	-	-	77,022	-	-	-	-	77,022	-
Building on leasehold land	1,304,529	90,346	-	1,394,875	356,391	-	79,129	435,520	959,355	5-10
Plant and machinery	4,343,061	685,007	-	5,028,068	1,229,666	-	188,104	1,417,770	3,610,298	5-7.5
Power and other installations	216,105	150,928	-	367,033	64,887	-	21,534	86,421	280,612	7.5-10
Furniture and fittings	64,376	15,834	-	80,210	15,355	-	5,756	21,111	59,099	5-10
Vehicles	181,602	73,311	(10,237)	244,676	81,700	(5,581)	25,340	101,459	143,217	20
Equipment	388,263	12,109	(9,770)	390,602	85,772	(74)	23,408	109,106	281,496	7.5 - 10
Computers	58,947	9,587	(272)	68,262	42,692	(185)	11,660	54,167	14,095	33.33
	6,633,905	1,037,122	(20,279)	7,650,748	1,876,463	(5,840)	354,931	2,225,554	5,425,194	

		CC	OST		ACCUMULATED DEPRECIATION			NET BOOK VALUE	DEPRECIATION RATE	
2021	As at July 01,	Additions* (Note 4.2)	Disposals (Note	As at June 30,	As at July 01,	Disposals	Charge for the year	As at June 30,	As at June 30,	%
Description	2020	(14010 4.2)	4.1.5)	2021	2020		(Note 4.1.4)	2021	2021	per annum
					Rupees '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	4,308,963	34,098	-	4,343,061	1,057,713	-	171,953	1,229,666	3,113,395	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
	6,507,530	145,934	(19,559)	6,633,905	1,554,365	(11,271)	333,369	1,876,463	4,757,442	
							· · · · · · · · · · · · · · · · · · ·			

^{*} Includes transfers from capital work-in-progress to operating property, plant and equipment.

- **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

For the year ended June 30, 2022

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 - 4 machines

Weaving line – 4 machines

Coating line - 4 machines

Printing line - 4 machines

Bags conversion line - 6 machines

Flexible packaging plant

Flexo graphic printer

Rotogravure printer

Extrusion line

Laminator – 2 machines

Bag making machine

		Note	2022 (Rupee	2021 es `000)
4.1.3	Reconciliation of net book value:			
	Net book value as at the beginning of the year Additions during the year - at cost Depreciation charge for the year Disposals during the year at book value Net book value as at the end of the year	4.1.5	4,757,442 1,037,122 (354,931) (14,439) 5,425,194	4,953,165 145,934 (333,369) (8,288) 4,757,442
4.1.4	The depreciation charge for the year has been allo	cated to:		
	Cost of sales Distribution costs Administrative expenses	25 26 27	343,552 7,362 4,017	323,628 7,330 2,411

354,931

333,369

For the year ended June 30, 2022

4.1.5 The following operating property, plant and equipment were disposed off during the year:

Description	Cost	Net book value	Sale proceeds	(Loss) / Gain (Note 29)	Mode of disposal	Particulars of buyers and relationship, if any
		(Rupe	es '000)			•
Vehicles						
Toyota Corolla	3,150	2,835	3,283	448	Insurance Claim	EFU Insurance
Honda City	1,522	310	381	71	Employee Scheme	Mr. Muhammad Asim
Suzuki Cultus	1,034	224	258	34	Employee Scheme	Mr. Rashid Mahmood
Suzuki Cultus	1,099	279	285	6	Employee Scheme	Mr. Inam UI Haq
Suzuki Cultus	1,039	241	260	19	Employee Scheme	Mr. Hussain
Suzuki Wagon R	909	236	236	-	Employee Scheme	Mr. Ehsan Ur Rehman
Suzuki Mehran	721	151	411	260	Auction	Mr. Tehseen Ullah
Suzuki Mehran	762	379	762	383	Insurance Claim	EFU Insurance
Equipment						
Pent air Pump	9,657	9,657	6,000	(3,657)	Insurance Claim	EFU Insurance
Individual assets having book value less than Rs. 500,000						
Equipment	114	40	135	95	Tender	Mr. Gultaz Khan
Computer	272	87	219	132	Insurance Claim	EFU Insurance
2022	20,279	14,439	12,230	(2,209)		
2021	19,559	8,288	17,773	9,485		

4.1.5.1 None of the buyers had any relationship with any Director of the Company.

4.2 Capital work-in-progress

	Leasehold land	Building on leasehold land	Plant and machinery	Power and other installations	Furniture and fittings (Rupees `000) -	Vehicles	Equipment	Computers	Total
Balance as at June 30, 2020	-	10,162	80,986	21,560	129	2,060	28,255	-	143,152
Capital expenditure incurred / advances made during the year Transferred to operating	4,605	47,060	-	110,781	9,388	42,161	38,526	7,892	260,413
property, plant and equipment	(4,605)	(12,713)	(34,098)	(26,951)	(9,147)	(41,534)	(8,994)	(7,892)	(145,934)
Balance as at June 30, 2021	-	44,509	46,888	105,390	370	2,687	57,787	-	257,631
Capital expenditure incurred / advances made during the year Transferred to operating	-	52,280	666,238	45,997	15,464	81,811	38,265	9,888	909,943
property, plant and equipment	-	(90,346)	(685,007)	(150,928)	(15,834)	(73,311)	(12,109)	(9,587)	(1,037,122)
Balance as at June 30, 2022	-	6,443	28,119	459	-	11,187	83,943	301	130,452

- **4.2.1** During the year borrowing costs, on long-term financing obtained specifically for this purpose (note: 17.3), have been capitalised amounting to Rs. 0.80 million (2021: 1.204 million), using a capitalisation rate of 7.65% per annum (2021: Nil) in Flexible Packaging Division.
- **4.2.2** During the year borrowing costs, on long-term financing obtained specifically for this purpose (note: 17.6), have been capitalised amounting to Rs. 9.39 million (2021: Nil), using a capitalisation rate of 11.02% per annum (2021: Nil) in Bags Manufacturing 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 capitalised subsequently at book value. Resultantly, the fair value of property, plant and equipment assessed amounts to Rs. 6 billion (2021: Rs. 5.46 billion); however, the same has not been incorporated in these financial statements.

4.4 The Board of Directors, in its meeting held on June 22, 2022, accorded approval for the disposal of Kraftpaper Line 1 which was procured in the year 1991. There is no further development in this regard as on the reporting date.

For the year ended June 30, 2022

5. INTANGIBLE ASSETS

			co	ST			AMORT	IZATION		NET BOOK VALUE	AMORTIZATION RATE
	Description	As at July 01,	Additions during the year	Disposals	June 30,	As at July 01,		Charge for the year (Note 5.1)	As at June 30,	As at June 30,	% per annum
	2022				(Rupees `000)					
	ERP System/ Software	16,158	782	-	16,940	11,509	-	832	12,341	4,599	10
	2021 ERP System/ Software	16,158	-	-	16,158	10,523	-	986	11,509	4,649	10
							N	lote 📉	2022		2021
5.1	The amortizati	ion charc	e for the	vear has	heen all	ncated to				(Rupees	`000)
0.1			je ioi tile	year rias	been an	ocalca lo.					
	Cost of sales Administrativ		nses					25 27		645 187	769 217
										832	986
6.	LONG-TERM	/I INVES	STMENT	s							
	Investment i	in relate	d party								
	At fair value	through	other co	omprehe	ensive in	come	(5.1	495	,689	945,027
	Joint ventu										
	Investmen	t in a joi	nt ventur	e			(5.2	4	,729	4,683
0.4	A. 6 '								500	,418	949,710
6.1	At fair value t	hrough	other cor	mprener	nsive inc	ome					
	Cherat Ceme 5,327,698 (2				nares of F	Rs. 10/- ea	ach		495	,689	945,027
6.2	Investment in	a joint	venture								
	As at the beg Share of prof As at the end	it - unau	ıdited	ar				.2.1		,683 46 ,729	4,664 19 4,683

- **6.2.1** Represents 462,000 shares (2021: 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 SECURITY DEPOSITS - considered good

Sector wise analysis is as follows: Government sector – secured Other sectors – unsecured

7.1 These deposits do not carry any interest.

	571	9,228
	150	150
7.1	721	9,378

---- (Rupees `000) -----

2022

Note

2021

For the year ended June 30, 2022

		Note	2022 (Rupees	2021 s`000)
8.	STORES, SPARE PARTS AND LOOSE TOOLS			
	Stores Spare parts Loose tools		47,777 388,141 1,186 437,104	39,550 340,927 1,082 381,559
	Stores-in-transit		43,324 480,428	7,812 389,371
9.	STOCK-IN-TRADE			
	Raw material In hand In bonded warehouse in-transit Work-in-process Finished goods Polypropylene scrap goods / reworkable material		3,292,428 - 554,166 3,846,594 214,838 581,480 18,448 4,661,360	1,706,229 6,963 943,179 2,656,371 244,483 239,891 11,550 3,152,295
10.	TRADE DEBTS			
	Considered good secured unsecured Allowance for expected credit loss	10.1 10.3 & 10.4 10.2	285,828 2,598,580 2,884,408 (43,670) 2,840,738	85,178 2,213,121 2,298,299 (43,670) 2,254,629
10.1	Represents export sales. Export sales were made to advance (2021: Letter of Credit and advance).	o Africa (2021:	Africa) under Lett	ter of Credit and

10.2 Trade receivables are generally on 45 days term. Aging analysis of trade debts is as follows:

	2022	2021
	(Rupee	es `000)
Neither past due nor impaired Past due but not impaired	1,254,523	1,433,035
- within 270 days	1,586,215	821,594
	2,840,738	2,254,629

- 10.3 This includes Rs. 0.09 million (2021: Rs. 0.34 million) and Rs. 22.88 million (2021: Nil) receivable against the sales to related parties namely Mirpurkhas Sugar Mills Limited and National Foods Limited, respectively.
- The amount due from related parties is neither past due nor impaired. The maximum aggregate amount receivable from the related parties at the end of any month during the year was Rs. 54.79 million (2021: Rs. 20.7 million).

Governance

Performance IT Govenance

Stakeholders

Sustainability & CSR

Business Model

Notes to the Financial Statements

For the year ended June 30, 2022

		Note	2022 (Rupees`	2021
11.	LOANS AND ADVANCES – considered good		(nupees	000)
	Current portion of long term loans		-	33
	Advances Suppliers Letters of credit	11.1 & 11.2	4,312 2,066 6,378	7,342 4,307 11,649
11.1	Sector wise analysis is as follow:		6,378	11,682
	Government sector – secured Other sectors – unsecured		- 4,312 4,312	1,694 5,648 7,342
11.2	These advances do not carry any interest.	-	4,012	1,042
12.	TRADE DEPOSITS AND SHORT-TERM PREPAYM	MENTS		
	Trade deposits - unsecured, considered good Short-term prepayments	12.1	31,080 3,835 34,915	35,385 4,552 39,937
12.1	These deposits were paid to non-governmental ship	pping agencies a	nd do not carry an	y interest.
		Note	2022 (Rupees `	2021 000)
13.	OTHER RECEIVABLES			
	Sales tax refundable Gratuity fund Others	20.2	200,222 - 63,038 263,260	148,766 2,451 11,258 162,475
14.	CASH AND BANK BALANCES			
	Cash in hand Bank balances		1,191	668
	Islamic banks Current accounts		16,024	4,215
	Conventional banks Current accounts Savings accounts	14.1	4,894 7,016 11,910 29,125	15,691 1,894 17,585 22,468

14.1 These carry effective profit rate of 8.50% (2021: 5.50%) per annum.

For the year ended June 30, 2022

				2022	2021
15.	SHARE CAPITA	L		(Rupees	S (100)
15.1	Authorized capi	tal			
	2022	2021			
	Number	of shares			
	100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000	1,000,000
15.2	Issued, subscrib	oed and paid-u	p capital		
	2022	2021			
	Number o				
			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 42,506,835	<u>16,299,593</u> 42,506,835	- Issued as bonus shares	162,997 425,069	162,997 425,069
	42,000,000	+2,000,000		420,000	420,000
15.3	Following is the c	detail of shares h	eld by the related parties:		
			ora by the relation particle.	2022	2021
				(Number o	f shares)
	Faruque (Private)			4,356,896	4,356,896
	Atlas Insurance L Cherat Cement C		4	3,912,145 3,122,532	3,912,145 3,122,532
	Mirpurkhas Suga		J	2,110,490	2,110,490
	Greaves Pakistar		d	2,135,034	2,135,034
				15,637,097	15,637,097
15.4	Voting rights, Boa	ard selection, righ	nt of first refusal and block voting ar	re in proportion to t	he shareholding.
				2022	2021
40	DE0ED\/E0			(Rupees	s `000)
16.	RESERVES				
	Capital reserve				
	Share premium			998,628	998,628
	Revenue reserve				
	General reserve Unappropriated p	orofit		180,000 4,349,650	180,000 3,676,676
				4,529,650	3,856,676
	Other Componer Actuarial gain on			7,070	14,989
	Unrealized gain of		nent	295,140	744,478
	-			302,210	759,467
				5,830,488	5,614,771

For the year ended June 30, 2022

		Note	2022	2021
			(Rupee	es `000)
17.	LONG-TERM FINANCING - secured			
	Islamic banks			
	Fixed Assets Refinance - Polypropylene Line III	17.1	135,000	225,000
	Fixed Assets Refinance - Kraftpaper Line V	17.2	300,000	420,000
	Islamic Finance Facility for Renewable Energy	17.3	80,268	103,366
			515,268	748,366
	Conventional banks			
	Fixed Assets Refinance Loan - Flexible Packaging Line - I	17.4	960,000	1,200,000
	Fixed Assets Refinance Loan - Flexible Packaging Line - I	17.5	480,000	600,000
	Temporary Economic Refinance Facility			
	(TERF) - Polypropylene Line IV	17.6	404,733	
			1,844,733	1,800,000
			2,360,001	2,548,366
	Refinance Scheme for Payment of Wages and Salaries 1	7.7 & 19	97,624	220,185
			2,457,625	2,768,551
	Less: Current maturity of long-term financing		(676,024)	(703,007)
			1,781,601	2,065,544

- 17.1 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.
- 17.2 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.
- 17.3 Represents a long-term financing obtained from an Islamic bank under State Bank of Pakistan's Islamic Financing Facility for Renewable Energy (IFRE) recognised initially at fair value to setup a 0.96 MW Solar Power Project. The total facility amounts to Rs. 120 million and 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 which commenced 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. The incremental borrowing rate for the purpose of discounting adjustment is taken at 7.65% (2021: Nil) per annum and differential markup has been recognised as government grant (as mentioned in note 19) which will be amortized to the other income over the period of facility.
- 17.4 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 which was due to commence after 30 months from first draw down i.e. from August 2020. However, considering one year deferment availed under principal deferment facility offered by SBP through BPRD circular no. 13 of 2020, repayment commenced 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.
- 17.5 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 which was due to commence after 30 months from first draw down i.e. from December 2020. However, considering one year deferment availed under principal deferment facility offered by SBP through BPRD circular no. 13 of 2020, repayment commenced from December 2021. The financing is secured against first pari-passu hypothecation charge of Rs. 800 million on plant and machinery of the Company.

For the year ended June 30, 2022

- 17.6 Represents a long-term loan obtained from a conventional bank under Temporary Economic Refinance Facility (TERF) as announced by the Government of Pakistan recognised initially at fair value. The total facility amounts to Rs 800m and it carries a flat mark-up at the rate of 1.70 % per annum. The financing is repayable in 16 equal semi-annual installments commencing from June 2024. The financing is secured against first pari-passu hypothecation charge of Rs. 1,066.67 million on the plant and machinery of the Company. The incremental borrowing rate for the purpose of discounting adjustment is taken at 11.02% (2021:Nil) per annum and differential markup has been recognised as government grant (as mentioned in note 19) which will be amortized to the other income over the period of facility.
- 17.7 Represents long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan recognised initially at Fair value. The total facility amounts to Rs 237 million and 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%. The financing is repayable in 8 equal quarterly installments commenced from April 2021. It is secured against first pari-passu hypothecation charge over current assets of the Company. The incremental borrowing rate for the purpose of discounting adjustment is taken at 7.25% (2021: 7.25%) per annum and differential markup has been recognised as government grant (as mentioned in note 19) which will be amortized to the other income over the period of facility.

		Note	2022	2021
18.	DEFERRED TAXATION		(Rupee	es `000)
	Temporary taxable differences Accelerated tax depreciation Deferred tax on actuarial gain on defined benefit plan		752,628 (6,779)	593,623 5,845
	Temporary deductible differences Deferred tax on Government Grant Others		(3,973) (9,321) 732,555	(27,990) 571,478
19.	GOVERNMENT GRANT			
	Balance as at the beginning of the year recognised during the year Amortized during the year Balance as at the end of the year Current maturity	29 19.1	17,540 282,390 (21,765) 278,165 (34,811) 243,354	12,755 15,340 (10,555) 17,540 (11,535) 6,005

19.1 As aforementioned in note 17.3, 17.6 and 17.7, the Government grant has been recorded as per the provisions of IAS-20 due to the difference between coupon and effective interest rates of the aforementioned financial liabilities

aforementioned financial lia	ibilities.		
	Note	2022	2021
		(Rupe	es `000)
TRADE AND OTHER PAY.	ABLES		
Creditors		542,913	334,548
Contract liabilities	20.1	7,213	2,712
Gratuity fund	20.2	20,834	-
Bills payable		510,503	357,338
Accrued liabilities		323,790	178,732
Sindh Infrastructure Develo	pment Cess 20.3	284,237	181,920
Workers' Profits Participation	on Fund 20.4	46,302	64,169
Workers' Welfare Fund	20.5	21,537	20,691
Retention money		14,757	6,215
•		1,772,086	1,146,325

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Notes to the Financial Statements

For the year ended June 30, 2022

20.1 These contract liabilities are unsecured and received under normal course of business. Revenue recognised during the year from amounts included in contract liabilities at the beginning of the year amounts to Rs. 2.71 million. (2021: Rs. 0.71 million).

20.2 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, 2022.

	2022	2021
	(Rupees	`000)
Amounts recognised in the statement		
of financial position:	400 500	105.070
Present value of defined benefit obligations	123,566	105,978
Fair value of plan assets (Asset) / liability recognised in the statement of financial position	(102,732) 20,834	(108,429) (2,451)
(Asset) / liability recognised in the statement of linaridal position	20,034	(2,401)
Amounts recognised in the statement		
of profit or loss:		
Current service cost	19,270	15,063
Interest cost	10,142	7,823
Expected return on plan assets	(11,170)	(6,954)
	18,242	15,932
A consideration of the Constitution of the Con		
Amounts recognised in other comprehensive income:	0.005	E E 40
Actuarial gain / (loss) on defined benefit obligations Actuarial gain on plan assets	2,865 (23,408)	5,548
Actuarial gailt off plaif assets	(20,543)	15,044 20,592
	(20,040)	20,002
Movement in the (asset) / liability in the statement		
of financial position:		
As at the beginning of the year	(2,451)	18,329
Net charge for the year	18,242	15,932
Re-measurement chargeable in other comprehensive income	20,543	(20,592)
Contributions	(15,500)	(16,120)
Balance as at the end of the year	20,834	(2,451)
Movement in the present value of defined		
benefit obligation:		
As at the beginning of the year	105,978	95,427
Current service cost	19,270	15,063
Interest cost	10,142	7,823
Benefits paid during the year	(8,959)	(6,787)
Actuarial gain	(2,865)	(5,548)
Balance as at the end of the year	123,566	105,978
Mayamant in the fair value of plan accets.		
Movement in the fair value of plan assets: As at the beginning of the year	108,429	77,098
Expected return	11,170	6,954
Contributions	15,500	16,120
Benefits paid during the year	(8,959)	(6,787)
Actuarial (loss) / gain	(23,408)	15,044
Balance as at the end of the year	102,732	108,429

For the year ended June 30, 2022

	Note	2022 (Rupee	2021 es `000)
Principal actuarial assumptions used are as follows:			
Expected rate of increase in salary level – long term Valuation discount rate Rate of return on plan assets	20.2.1	11.25 13.25 13.25	9.50 10.00 10.00
		2022	2021
Mortality rates		SLIC 2001-2005	SLIC 2001-2005

- **20.2.1** The discount rate of 13.25% is representative of yields on long-term Government Bonds.
- 20.2.2 Expected gratuity expense to the plan for the year ending June 30, 2023 is Rs. 20.21 million.

Comparison for past years: As at June 30,	2022	2021 (F	2020 Rupees `000)	2019	2018
Present value of defined benefit obligations Fair value of plan assets (Surplus) / deficit	123,566 (102,732) 20,834	105,978 (108,429) (2,451)	95,427 (77,098) 18,329	80,268 (46,579) 33,689	67,420 (61,556) 5,864
Experience adjustment on plan liabilities Experience adjustment on plan assets	2,865 (23,408) (20,543)	5,548 15,044 20,592	(259) 20,331 20,072	(473) 27,527 27,054	2,174 33,638 35,812
Composition of plan assets are as foll	ows:			2022 (Rupees	2021 s`000)
Government Securities Mutual Funds / Shares Bank balances				60,340 41,733 659 102,732	56,460 50,261 1,708 108,429

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 (loss) / gain on plan assets during the year amounts to Rs. (12.24) million (2021: Rs. 21.99 million).

Sensitivity analysis

Sensitivity analysis		2	2022	
	Disco	unt rate	Salary i	increase
	+100 bps	-100 bps	+100bps	-100 bps
		(Rupe	es '000)	
Present value of defined benefit obligations	117.63	(130.35)	130.99	(116.96)

For the year ended June 30, 2022

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 decided the case in favor of Excise and Taxation Department During the year, the Company challenged the earlier decision of the Honorable High Court of Sindh, in respect of infrastructure cess, in the Honorable Supreme Court of Pakistan which provided relief to the petitioners by issuing stay order and allowing submission of bank guarantee of 100% of the amount till the time the case is finally decided. The amount of guarantee issued up to June 30, 2022 for infrastructure fee is Rs. 300 million. The management has accrued the amount in these financial statements.

		Note	2022 (Rupee	2021
20.4	Workers' Profits Participation Fund		(nupee	5 000)
	Balance as at the beginning of the year Interest thereon	30	64,169 502	5,194 16
	Payments during the year		64,671 (64,671)	5,210 (5,210)
	Charge for the year Balance as at the end of the year	28	46,302 46,302	64,169 64,169
20.5	Workers' Welfare Fund			
	Balance as at the beginning of the year Charge for the year	28	20,691 22,564	20,691
	Paid during the year Balance as at the end of the year		43,255 (21,718) 21,537	20,691
21.	SHORT-TERM BORROWINGS			
	Conventional banks Short-term running finance	21.1	2,442,591	1,209,657
	Islamic banks Running Musharakah	21.2	826,435 3,269,026	735,084 1,944,741

- 21.1 Represents facilities obtained from various conventional banks amounting to Rs. 5,250 million (2021: Rs. 5,250 million) out of which Rs. 2,507.40 million (2021: Rs. 4,040.34 million) remains unutilised at the year end. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 6,067 million (2021: Rs. 6,471 million) and ranking hypothecation charge over stocks and book debts of Rs. 683 million (2021: 534). These facilities carry mark up of 1 and 3 months' KIBOR plus spread ranging from 0.30 % to 0.75% (2021: 1 and 3 months' KIBOR plus spread ranging from 0.25% to 1.00%) per annum.
- 21.2 Represents facilities obtained from various Islamic banks amounting to Rs. 2,300 million (2021: Rs. 1,700 million) out of which Rs. 1,473.60 million remains unutilised (2021: Rs. 964.92 million) at the year end. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 2,533 million (2021: Rs. 2,133.33) and ranking hypothecation charge over stocks and book debts of Rs. 534 million (2021: 134). These facilities carry profit rate of 1 and 3 months KIBOR plus spread ranging from 0.15 % to 0.75 % (2021: 1 and 3 months' KIBOR plus spread ranging from 0.20% to 0.75%) per annum.

For the year ended June 30, 2022

23.

22. UNCLAIMED DIVIDEND / UNPAID DIVIDEND

The company is maintaining a separate bank account for unclaimed dividend as required under section 244 of the Companies Act, 2017.

	Note	2022	2021
CONTINGENCIES AND COMMITMENTS		(Rupee	es `000)
Outstanding letters of guarantee – conventional bank		77,018	62,857
Outstanding letters of credit – conventional banks		2,125,109	974,849
Duties payable on bonded stock		-	236
Capital commitments	23.2	747,790	14,597

- 23.1 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.
- **23.2** Represents capital commitments related to the import of Plant and Machinery. Corresponding figure represents capital commitment extended to a related party.

		2022	2021
24.	TURNOVER - net	(Rupe	es `000)
	Local sales	15,215,845	12,750,443
	Less: Sales tax	2,214,993	1,857,334
		13,000,852	10,893,109
	Less: Discounts & rebates	3,397	4,734
	Net local sales	12,997,455	10,888,375
	Export sales	505,064	366,727
		13.502.519	11.255.102

Governance

Performance

IT Govenance

Stakeholders

Sustainability & CSR

Business Model

Notes to the Financial Statements

For the year ended June 30, 2022

		N	0000	0004
		Note	2022	2021
25.	COST OF SALES		(Rupees	(000)
25.	COST OF SALES			
	Raw material consumed			
	Stock as at the beginning of the year		1,706,229	957,086
	Purchases		11,129,449	8,363,687
			12,835,678	9,320,773
	Stock as at the end of the year	9	(3,292,428)	(1,706,229)
			9,543,250	7,614,544
	Duty drawback on export		(13,345)	(2,146)
			9,529,905	7,612,398
	Manufacturing overheads	05.4	740.474	F74 407
	Salaries, wages and benefits	25.1	712,171	571,437
	Stores, spare parts and loose tools consumed		215,096	157,614
	Fuel and power Packing charges		406,671 231,912	291,354 192,195
	Rent, rates and taxes		8,666	9,179
	Repairs and maintenance		16,071	19,270
	Depreciation	4.1.4	343,552	323,628
	Amortization	5.1	645	769
	Insurance		46,629	42,940
	General office expenses		3,574	3,811
	Vehicle running expenses		21,789	15,235
	Travelling and conveyance		10,859	6,176
	Communication expenses		4,766	5,061
	Printing and stationery		2,153	2,158
	Legal and professional charges		13,288	13,161
	Freight and cartage		3,191	1,653
	Subscription		4,928	3,257
	Stores and spares parts – written off Others		65 4,577	162
	Others		2,050,603	4,151 1,663,211
			11,580,508	9,275,609
			11,000,000	0,270,000
	Work-in-process		244,483	207,436
	Balance as at the beginning of the year	9	(214,838)	(244,483)
	Balance as at the end of the year		29,645	(37,047)
	Polypropylene scrap goods / reworkable material			
	Balance as at the beginning of the year	_	11,550	18,782
	Balance as at the end of the year	9	(18,448)	(11,550)
	Sales		(73,876)	(32,756)
	Cost of goods manufactured		(80,774)	(25,524)
	Cost of goods manufactured		11,529,379	9,213,038
	Finished goods		239,891	344,330
	Balance as at the beginning of the year	9	(581,480)	(239,891)
	Balance as at the end of the year	-	(341,589)	104,439
	- 7		11,187,790	9,317,477

25.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 13.77 million and Rs. 9.97 million (2021: Rs. 11.75 million and Rs. 12.27 million) respectively.

For the year ended June 30, 2022

26. DISTRIBUTION COSTS	Note	2022 (Rupe	2021 es `000)
Salaries and benefits Travelling and conveyance Vehicle running expenses Repair and maintenance Communication expenses Rent, rates and taxes Insurance Printing and stationery Depreciation Freight and cartage Export expenses Others	26.1 4.1.4	75,849 4,521 6,509 469 2,169 2,250 3,139 271 7,362 134,650 10,619 7,005	62,648 1,747 4,068 214 1,908 1,720 2,376 103 7,330 94,514 9,728 8,282 194,638

26.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 2.27 million and Rs. 4.64 million (2021: Rs. 1.86 million and Rs. 2.08 million) respectively.

27.	ADMINISTRATIVE EXPENSES	Note	2022 (Rupee	2021 es `000)
	Salaries and benefits Directors' fee Travelling and conveyance Vehicle running expenses Communication expenses Printing and stationery Rent, rates and taxes Legal and professional charges Insurance Subscription Advertisement Depreciation Amortization Repairs and maintenance General office expenses Utilities Others	27.1 4.1.4 5.1	96,025 3,480 1,490 4,277 5,210 2,019 1,961 8,144 8,638 4,527 312 4,017 187 1,078 1,305 326 19	72,928 3,280 576 3,312 3,486 1,972 1,545 6,056 5,198 3,071 310 2,411 217 227 972 338 19 105,918

27.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 1.75 million and Rs. 3.63 million (2021: Rs. 1.47 million and Rs. 1.58 million) respectively.

		Note	2022	2021
28.	OTHER EXPENSES		(Rupee	es `000)
	Auditors' remuneration Donations Loss on disposal of operating property,	28.1 28.2	3,192 1,614	3,329 1,255
	plant and equipment Workers' Profits Participation Fund Workers' Welfare Fund	4.1.5 20.3 20.4	2,209 46,302 22,564	64,169 20,691
			75,881	89,444

For the year ended June 30, 2022

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28.1	Auditors' remuneration	2022 (Rupe	2021 es `000)
	Audit fee Half yearly review and CCG certification Tax and other corporate services Out of pocket expenses	1,130 600 1,096 366 3,192	1,000 300 1,641 388 3,329

- 28.2 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

29. OTHER INCOME	Note	2022 2021 (Rupees `000)	
Income from financial assets Profit on savings accounts - conventional banks Dividend income from an associated		1,046	691
company- Cherat Cement Company Limited Government grant amortized	29.1 19	6,660 21,765	5,328 10,555
Share of profit from investment in a joint venture— UniEnergy Limited	6.2	46 29,517	19_ 16,593
Income from non-financial assets Gain on disposal of operating property,			,
plant and equipment Scrap sales		10,151 39,668	9,485 9,591 35,669

29.1 Cherat Cement Company Limited is included as shariah compliant company at Pakistan Stock Exchange under KMIALLSHR index and KMI-30 index.

Islamic banks Mark-up on long-term financing Mark-up on short-term borrowings Bank charges and duties Conventional banks Mark-up on long-term financing Mark-up on short-term borrowings Mark-up on Refinance Scheme for Payment of Wages and Salaries Guarantee commission Bank charges and duties 52,3 128,6 128,6 129,6 130,6 140,6 150,6	es `0(2021 00)
Mark-up on long-term financing Mark-up on short-term borrowings Mark-up on Refinance Scheme for Payment of Wages and Salaries Guarantee commission 162,3 175,3 12,3 3,0	7 6	53,974 47,905 2,450 104,329
	6 3	144,404 113,601 17,776 2,290
356, 484,	8	2,356 280,427 384,756 16 384,772

For the year ended June 30, 2022

31. TAXATION

Provision for tax in these financial statements is calculated on the basis of Normal Tax Regime under the Income Tax Ordinance (ITO), 2001.

31.1 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 analysed as follows:

Tax year	Note	for	assessed	(under)
		(Rupees '000)		
2021		Nil	Nil	Nil
2020		Nil	Nil	Nil
2019	31.2	24.624	Nil	24.624

31.2 During the year ended June 30, 2019, the Company has recorded tax credit under section 65B of ITO, 2001 @ 10% on commissioning and installation of Line-III as per law. Through Finance Act, 2019, the government has reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively for the tax year 2019 and abolished the same for subsequent years. However, the management is hopeful that retrospective change may not be maintainable in the eyes of law and has challenged this amendment and got stay from the Peshawar High Court (PHC). However, the Company has claimed full tax credit in the income tax return for the tax year 2019. During the year, the case has been decided against the Company by PHC in respect of reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively. However, review petition has been filed against the judgment in PHC which subsequent to the year end was duly accepted by the PHC. Therefore, the same accounting treatment has been maintained in these annual financial statements.

	Note	2022	2021	
31.3	Reconciliation between tax expense and accounting profit			
	Accounting profit for the year before taxation	1,395,385	1,198,522	
	Tax at applicable rates	460,477	347,571	
	Tax effects of: Tax effect of Tax credits Tax effect of items in final tax regime or taxable at lower rates Tax effect of super tax Prior year tax adjustments Others		916 (9,056) - - 3,999 343,430	
	Effective %	37%	29%	
32.	EARNINGS PER SHARE	2022 (Rupe	2021 es `000)	
02.	Net profit for the year (Rupees '000)	885,509	855,092	
	Weighted average number of ordinary shares in issue 32.1	42,506,835	42,506,835	
	B a s i c earnings per 32.2 share	Rs. 20.83	Rs. 20.12	

32.1 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.

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

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For the year ended June 30, 2022

33. 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

Nature of business

Flexible packaging division

Bags manufacturing division Kraft paper and polypropylene bags manufacturing Extrusion, Flexo Graphic and Rotogravure printing

33.1 Segment analysis and reconciliation for the year ended June 30, 2022

	Bags manufacturing division		Flexible packaging division		То	tal
	2022	2021	2022	2021	2022	2021
			(Rupe	es'000)		
Sales	10.010.014	0.015.404	0.405.005	0.000.070	10 500 510	11 055 100
External sales	10,316,914	9,215,424	3,185,605	2,039,678	13,502,519	11,255,102
Inter-segment sales Total Revenue	10,316,914	9,215,424	3,185,605	2,039,678	13,502,519	11,255,102
iotal nevertue	10,316,914	9,215,424	3,165,605	2,039,076	13,502,519	11,255,102
Depreciation and amortization	198,295	181,545	157,468	152,810	355,763	334,355
Finance cost	61,039	55,029	154,614	143,349	215,653	198,378
Profit / (loss) before tax and before	, i	ŕ	ŕ	,	ŕ	,
unallocated expenses	2,136,893	1,926,164	(435,645)	(487,473)	1,701,248	1,438,691
Unallocated corporate expenses						
Finance cost	-	-	-	-	(269,650)	(186,394)
Other expenses	-	-	-	-	(75,881)	(89,444)
Other income	-	-	-	-	39,668	35,669
Taxation	-	-	-	-	(509,876)	(343,430)
Profit after taxation	-	-	-	-	885,509	855,092
Segment assets	8,221,944	6,382,627	5,297,205	4,427,745	13,519,149	10,810,372
Unallocated assets			-		1,402,508	1,776,782
Total assets	8,221,944	6,382,627	5,297,205	4,427,745	14,921,657	12,587,154
0	4.45.000	005.007	4 505 040	1 0 10 000	0.000.000	0.000.000
Segment liabilities	1,115,883	665,227	1,567,813	1,943,662	2,683,696	2,608,889
Unallocated liabilities	1,115,883	665,227	1 567 010	1 042 660	5,982,404	3,938,425
Total liabilities	1,115,883	000,227	1,567,813	1,943,662	8,666,100	6,547,314
Segment capital expenditure	848,150	128,126	61,793	132,287	909,943	260,413
cogment oupliar experience	0.0,.00	120,120	01,100	102,207	000,010	200,110

33.1.1 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.

33.2 Reconciliation of segment assets and liabilities to total assets and liabilities.

For the year ended June 30, 2022

		2022	2021
		(Rupe	es `000)
33.2.1 Segment as	sets		
Allocated seg		13,519,149	10,810,372
Long-term in		500,418	949,710
Other receive	ables	263,260	162,475
Taxation – ne	t	544,069	575,487
Other unalloc	cated assets	94,761	89,110
		14,921,657	12,587,154
33.2.2 Segment lia	bilities		
All control Pal	200	0.000.000	0.000.000
Allocated liab		2,683,696	2,608,889
Deferred taxa		732,555	571,478
Trade and ot	·	1,772,086	1,146,325
Accrued mar		77,094	27,869
	orrowings – secured	3,269,026	1,944,741
Other unalloc	cated liabilities	131,643	248,012
		8,666,100	6,547,314
00.0 0	-1		
33.3 Geographic	ai segments		
Salas ara ma	de by the Company in the following countries:		
Pakistan	de by the company in the following countries.	12,997,455	10,888,375
Afghanistan		12,337,433	28,628
Congo		483,066	197,422
Liberia		-100,000	73,843
Other countr		21,998	66,834
Other Count		13,502,519	11,255,102
		10,002,019	11,200,102

33.4 All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

33.5 Information about major customers

Sales to one (2021: three) customer(s) of the Company from the bags manufacturing division represent approximately Rs. 2,263.80 million (2021: Rs. 4,157.52 million) of the Company's total revenue. These customers represent 10% or more revenue individually in the total revenue of the Company.

34. 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:

34.1 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.

For the year ended June 30, 2022

34.1.1 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 `000)
KIBOR	+ 100	(57,267)
KIBOR	- 100	57,267
2021		
KIBOR	+ 100	(47,133)
KIBOR	- 100	47,133

34.1.2 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).

		2022	2021
		((000)
Bills payable	- Euro	(1,580)	(1,044)
	- US Dollar	(846)	(1,013)
Trade debts	- US Dollar	1,498	538

The following significant exchange rates have been applied at reporting dates:

		2022	2021
		(Ru	pees)
Exchange rates	- Euro	215.75	188.71
	- US Dollar	206.00	158.30

For the year ended June 30, 2022

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.

	in rate (%)	(Rupees`000)
30 June 2022-Euro	+ 10	(34,089)
	- 10	34,089
30 June 2022-US Dollar	+ 10	13,431
	- 10	(13,431)
30 June 2021-Euro	+ 10	(19,701)
	- 10	19,701
30 June 2021-US Dollar	+ 10	(7,519)
	- 10	7,519

34.1.3 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. 495.69 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 49.57 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.

34.2 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 counterparties 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 one year is:

	Note	2022	2021	
		(Rupees `000)		
Long-term investments	6	495,689	945,027	
Long-term security deposits	7	721	9,378	
Trade debts	10	2,840,738	2,254,629	
Loans and advances	11	6,378	11,682	
Trade deposits	12	31,080	35,385	
Other receivables	13	63,038	13,709	
Bank balances	14	27,934	21,800	
		3,465,578	3,291,610	

For the year ended June 30, 2022

Set out below is the information about the credit risk exposure on the Company's trade debts:

202	22	20	21
Neither past due nor impaired	Within 270 days	Neither past due nor impaired	Within 270 days
	(Rupe	es `000)	
0%	3%	0%	5%

1,629,885

Expected credit loss effective rate Estimated total gross carrying amount Expected credit loss

34.2.1 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 counterparty default rates:

	2022 (Rupe	2021 es `000)
Long-term investment A+	495,689	945,027
Trade debts Customers with no defaults in the past one year	2,884,408	2,298,299
Bank balances A1+ A1	24,276 3,658 27,934	19,467 2,333 21.800

All other financial assets are not exposed to any material credit risk.

34.3 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.

Total (Rupees `000)	NON- INTEREST BEARING	TOTAL	Less than one year	One to five years	NG Total	NON- INTEREST BEARING	TOTAL
	BEARING				Total		TOTAL
(Rupees `000)							
					(Rupees `000)	
2,735,790	-	2,735,790	714,542	2,071,549	2,786,091	-	2,786,091
-	1,420,010	1,420,010	-	-	-	879,545	879,545
-	8,310	8,310	-	-	-	7,879	7,879
-	2,350	2,350	-	-	-	2,408	2,408
-	145,983	145,983	-	-	-	88,392	88,392
3,269,026	-	3,269,026	1,944,741	-	1,944,741	-	1,944,741
6,004,816	1,576,653	7,581,469	2,659,283	2,071,549	4,730,832	978,224	5,709,056
	- - - 3,269,026	- 1,420,010 - 8,310 - 2,350 - 145,983 3,269,026 -	- 1,420,010 1,420,010 - 8,310 8,310 - 2,350 2,350 - 145,983 145,983 3,269,026 - 3,269,026	- 1,420,010 1,420,010 - 8,310 - 2,350 2,350 - 145,983 145,983 - 3,269,026 - 3,269,026 1,944,741	- 1,420,010 1,420,010	- 1,420,010 1,420,010	- 1,420,010 1,420,010 - - - 879,545 - 8,310 - - - - 7,879 - 2,350 - - - - 2,408 - 145,983 145,983 - - - 88,392 3,269,026 - 3,269,026 1,944,741 - 1,944,741 -

Effective interest / yield rates for the monetary liabilities are mentioned in the respective notes to the financial statements.

For the year ended June 30, 2022

34.4 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, 2022 and 2021 are as follows:

2022	2021
(Rupe	es `000)
· ·	,
2,735,790	2,786,091
145,983	88,392
3,269,026	1,944,741
6,150,799	4,819,224
3,239,901	(22,468)
9,390,700	4,796,756
425,069	425,069
5,830,488	5,614,771
6,255,557	6,039,840
15,646,257	10,836,596
60.02%	44.26%
	2,735,790 145,983 3,269,026 6,150,799 3,239,901 9,390,700 425,069 5,830,488 6,255,557 15,646,257

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.

34.5 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 recognised at fair value, analysed between those whose fair value is based on:

- Level 1: Quoted prices in active markets for identical assets or liabilities,
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the year ended June 30, 2022

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:

		2022				
	Level 1	Level 2 (Rupees	Level 3 '000)	Total		
Listed equity investment	495,689	-	-	495,689		
		20	21			
	Level 1	Level 2 (Rupees	Level 3 '000)	Total		
Listed equity investment	945,027	_	_	945,027		

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.

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

35. 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	2022	2021
		(Rupees	s in `000)
		(1	,
Long-term loans obtained as per Islamic mode	17	515,268	748,366
Short-term borrowings as per Islamic mode	21	826,435	735,084
Shariah compliant bank balances	14	16,024	4,215
Revenue earned from shariah compliant business segment	33 & 24	13,502,519	11,255,102
Dividend earned from shariah compliant investment	29	6,660	5,328
Finance costs on Islamic mode of financing	30	126,559	101,879
Profit earned from any conventional loan or advances	29	1,046	691
Finance costs on conventional mode of financing	30	350,072	275,781

Relationships with Islamic banks are disclosed in note 17 and note 21 to these financial statements.

36.	CASH AND CASH EQUIVALENTS

Cash and bank balances Short-term borrowings

(Rupees in `000)					
29,125	22,468				
(3,269,026)	(1,944,741)				
(3,239,901)	(1,922,273)				

2021

2021

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Managerial remuneration Bonus Housing allowance Retirement benefits Utilities Leave fare assistance
Number

Executives / Key Employees (Rupees `000)				
104,086 45,486	75,784 37,008			
40,617	29,049			
11,177	8,355			

2022

For the year ended June 30, 2022

- 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. 3.48 million (2021: 9 Directors Rs. 3.28 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:

		2022	2021
		(Rupe	es `000)
Relationship	Nature of transactions		
Associates	Sale of goods	2,885,194	2,445,596
	Purchase of goods	31,076	3,623
	Purchase of fixed asset	32,668	135,223
	Services received	53,999	62,789
	IT support charges	15,994	14,999
	Dividends paid	78,185	31,274
	Dividends received	6,660	5,328
	Insurance premium	27,303	17,295

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
0.110	Company name	shareholding by related party
1	Faruque (Pvt.) Ltd.	10.25
2	Atlas Insurance Ltd.	9.20
3	Cherat Cement Company Ltd.	7.35
4	Mirpurkhas Sugar Mills Ltd.	4.97
5	Greaves Pakistan (Pvt.) Ltd.	5.02
6	Greaves Airconditioning (Pvt.) Ltd.	-
7	Zensoft (Pvt.) Ltd.	-
8	Unicol Limited	-
9	UniEnergy Ltd.	-
10	Jubilee General Insurance Company Ltd.	-
11	Cherat Packaging Limited – Employees' Provident fund	0.17
12	Cherat Packaging Limited – Employees' Gratuity fund	-
13	National Foods Limited	-
14	Pakistan Cables Limited	-

- 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.

For the year ended June 30, 2022

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:

	2022		2021	
	Total	Factory	Total	Factory
		(Number)		
Total number of employees as at June 30,	304	271	251	222
Average number of employees during the year	277	247	253	222

39.1 During the year, the Company made an expenditure of Rs.5.15 million (2021: Rs. 3.41 million) in respect of staff recruitment, selection, hiring, rewarding, utilisation, training and development of the human assets.

40. CAPACITY

	2022		2021	
	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, 2022	660,000	12,600	595,000	12,600
Actual production for the year	312,945	7,647	327,172	5,748

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, 2022 by the Board of Directors of the Company.

42. DIVIDEND AND APPROPRIATIONS

42.1 Subsequent to year ended June 30, 2022, the Board of Directors in its meeting held on August 24, 2022 has proposed final cash dividend @ Rs. 1.5 per share amounting Rs. 63.77 million (2021: Rs. 4/-per share amounting to Rs. 170.03 million) and bonus shares @ 10% (4,250,683 shares) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Re. 1.00 per share amounting to Rs. 42.51 million (2021: Re. 1 per share amounting to Rs. 42.51 million) approved by the Board of Directors for the year ended June 30, 2022.

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.

Amir Faruque
Chief Executive Officer

Shehryar Faruque
Director

Syed Waqar Haider Kazmi Chief Financial Officer

Pattern of Shareholding As of June 30, 2022

No. of Shareholders	Sha	reholdings		Total Shares Held
	From		То	
04.4				40.074
314	1	to	100	13,274
370 207	101 501	to	500 1000	111,870 157,572
445	1001	to to	5000	1,070,737
125	5001	to	10000	891,978
43	10001	to	15000	533,342
34	15001	to	20000	602,908
16	20001	to	25000	344,935
12	25001	to	30000	316,912
16	30001	to	35000	513,174
8	35001	to	40000	301,225
4	40001	to	45000	175,545
4	45001	to	50000	187,902
6	50001	to	55000	317,409
4	55001	to	60000	227,620
3 3	60001	to	65000	187,823
3 1	65001 70001	to to	70000 75000	204,572 71,546
4	75001	to	80000	312,980
1	80001	to	85000	84,875
4	85001	to	90000	358,550
	90001	to	95000	182,821
2 2	95001	to	100000	199,000
1	105001	to	110000	105,505
1	110001	to	115000	113,598
1	120001	to	125000	123,900
2	125001	to	130000	255,184
1	130001	to	135000	130,225
1 1	135001 145001	to to	140000 150000	137,700 146,300
2	150001	to	155000	303,543
3	160001	to	165000	489,410
1	195001	to	200000	198,200
1	205001	to	210000	208,556
1	210001	to	215000	211,413
1	250001	to	255000	253,600
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
2	330001 340001	to to	335000 345000	330,564 682,760
1	355001	to	360000	359,624
1	360001	to	365000	362,492
i	365001	to	370000	369,711
1	375001	to	380000	379,846
1	390001	to	395000	394,802
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 770001	to	750000 775000	749,761 771,066
 	770001 845001	to to	775000 850000	771,966 847,000
1	980001	to	985000	981,834
1	000001	i.o	000000	301,004

Pattern of Shareholding As of June 30, 2022

No. of Shareholders	Shareholdings		Total Shares Held	
	From		То	
1	1430001	to	1435000	1,434,200
1	2110001	to	2115000	2,110,490
1	2135001	to	2140000	2,135,034
1	2285001	to	2290000	2,287,800
1	3120001	to	3125000	3,122,532
1	3245001	to	3250000	3,248,800
1	3910001	to	3915000	3,912,145
1	4355001	to	4360000	4,356,896
1674				42,506,835

Pattern of Shareholding As of June 30, 2022

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage			
Directors, Chief Executive Officer and their spouse(s) and minor children						
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 AKBER VAZIR	1	110	0.00			
MR. ALI H.SHIRAZI	1	1,518	0.00			
MS. MALEEHA HUMAYUN BANGASH	1	1	0.00			
Associated Companies, undertakings and related partic	es					
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			
ATLAS INSURANCE LIMITED	1	3,912,145	9.20			
NIT & ICP	-	-	-			
Banks Development Financial Institutions,	2	754 496	1 77			
Non Banking Financial Financial Institutions.	2	754,426	1.77			
Insurance Companies	5	4,322,049	10.17			
Modarabas and Mutual Funds	9	471,502	1.11			
General Public						
a. Local	1,570	16,236,171	38.20			
b. Foreign	30	627,041	1.48			
Foreign Companies	1	2,000	0.00			
Others	42	2,456,707	5.78			
Total	1,674	42,506,835	100.00			

Shareholders holding 10% or more	Shares Held	Percentage
FARUQUE (PRIVATE) LIMITED	4.356.896	10,25

رقم (روپے '000)	ٹرانز یکشن کی نوعیت	متعلقه فریق کا نام	نمبر شار
19,561	منافع منقسمه کی ادائیگی	اٹلس انشورنس کمیٹیڈ	1
5,281	انشورنس پریمینمٔ		
15,613	منافع منقسمہ کی ادائیگی	چیراٹ سینٹ سمپنی لمیٹڈ	2
6,660	منافع منقسمه کی وصولی		
6,247	مال کی خریداری		
2,648,647	پیکیجنگ مٹیریل کی فروخت		
33,289	فنڈ میں کنڑی بیوشن	ملاز مین کا پراویڈنٹ اور گریجویٹی فنڈ	3
21,784	منافع منقسمہ کی ادائیگی	فاروق (پرائیوٹ) لمیٹڈ	4
47,760	سروسزکی وصولی		
14,483	فکسڈ ایسٹس کی خریداری	گریوز ایئر کنڈیشننگ (پرائیوٹ) لمیٹڈ	5
35	مال کی خریداری		
6,239	سروسز کی وصولی		
10,675	منافع منقسمه کی ادائیگی	گریوز پاکستان (پرائیوٹ) کمیٹٹ	6
18,185	فکسڈ ایسٹس کی خریداری		
1,034	مال کی خریداری		
22,022	انشورنس پریمییمٔ	جوبلی جزل انشورنس شمین لمینهٔ	7
10,552	منافع منقسمه کی ادائیگی	میر بور خاص شو گر ملز کمینیژ	8
58,960	پیکیجنگ مٹیریل کی فروخت		
177,587	مال کی فروخت	نىيىش فوۋز كىيىد	9
23,760	مال کی خریداری	بإكستان كيبلز لميشة	10
15,994	سافٹ ویئر کنسلٹنسی چارجز	زین سافٹ (پرائیوٹ) کمیٹڈ	11

- 11. جوائٹ اکاؤنٹ ہونے کی صورت میں، برائے مہربانی ہر اکاؤنٹ ہولڈر کی شیئر ہولڈنگ کا تناسب اور اے ٹی ایل میں ان کی انفرادی کیفیت کے بارے میں مطلع کریں۔
- 12. منافع منقمہ کی آمدنی سے وِدہولڈنگ ٹیکس کے استثنیٰ کی صرف اسی صورت میں اجازت ہوگی کہ جب ٹیکس سے استثنیٰ کا مستند سر ٹیکسٹسی ڈی سی رجسٹرار سروسز لمیٹٹر کو کھاتے کی بندش کے پہلے روز تک مہیا کر دیا جائے گا۔
- 13. بحوالہ SECP کے جاری کردہ S.R.O. 787(D/2014 مؤرخہ 8 تقبر 2014؛ شیئر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ مالیاتی گوشواروں اور اجلاسِ عام کی اطلاع بذریعہ ای میل موصول کریں۔ کمپنی کے شیئر ہولڈرز سے گزارش ہے کہ وہ ہمارے ریکارڈ کو آپ ڈیٹ رکھنے کے لیے کمپنی کے صدر دفتر کو اپنی رضامندی سے آگاہ کریں کہ آیا وہ سالانہ آڈٹ شدہ مالیاتی گوشوارے اور اجلاسِ عام کا نوٹس اپنے ای میل کے ذریعے وصول کرنا چاہتے ہیں۔ تاہم، اس کے علاوہ اگر شیئر ہولڈرز آڈٹ شدہ مالیاتی گوشواروں کی دستاویزی نقل بھی حاصل کرنا چاہیں تووہ انہیں تحریری درخواست موصول ہونے کے سات (7) دن کے اندر اندر مفت فراہم کر دی جائے گی۔
- 14. ارکان پوسل بیلٹ کے ذریعے اپنے ووٹ کا حق استعال کر سکتے ہیں یعنی کمپنیز ایکٹ، 2017 کے سیکشن 143 اور 144، اور کمپنیز کی ضوابط، 2018 کی مجوزہ وفعات (پوسل بیلٹ) کے لوازمات کے تحت ڈاک یا الیکٹرانک ذریعے سے۔
- 15. ارکان ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں، اس سلسلے میں برائے مہربانی درج ذیل معلومات پُر کرکے کمپنی کے صدر دفتر میں سالانہ اجلاسِ عام کے انعقاد سے سات (7) دن قبل جمع کروا دیں۔ اگر کمپنی، کسی جغرافیائی مقام پر رہنے والے، 10 فیصد یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے ارکان سے، اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے، ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کے لیے رضامندی حاصل کرے، تو کمپنی اُس شہر میں ویڈیو کانفرنس کا انتظام کرے گی بشرطیکہ اس شہر میں یہ سہولت موجود ہو۔

عمومی ثیئر/ ثیئرز بمطابق	بحیثیت رکن چیراٹ پیکیجنگ لمیٹڈ، حامل	سکنه	"میں اہم
ا کرتے ہیں۔"	ویڈیو کا نفرنس کی سہولت کا انتخاب کرتا/کرتی ہوں ک	پر بمقام	رجسٹرڈ فولیو نمبر

کمپنیزایک 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

اسٹیٹنٹ میں ''خصوصی امور'' سے متعلقہ وہ بنیادی حقائق بیان کیے گئے ہیں جنہیں بروز منگل، مؤرخہ 11 اکتوبر، 2022 کو منعقد ہونے والے کمپنی کے سالانہ اجلاسِ عام میں زیرِ بحث لایا جائے گا۔ کمپنی کے ارکان سے اس کی منظوری حاصل کی جائے گا۔

مالی سال برائے اختتام میعاد 30 جون 2022 کے دوران، کمپنی نے اپنی متعلقہ کمپنیز اور متعلقہ فریقین کے ساتھ اپنی پالیسیز اور لاگو توانین و ضوابط کے مطابق ٹرانزیکشنز کی جمیل کی۔ متعلقہ فریقین کے ساتھ ٹرانزیکشنز کی منظوری حاصل کرنا ضروری ہے۔ ایسی ٹرانزیکشنز کو سالانہ اجلاسِ عام میں پاس کرنے کی تجویز کے ساتھ، شیئر ہولڈرز سے منظوری حاصل کرنے کے لیے ان کے سامنے خصوصی قرارداد کے ذریعے بیش کیا جا رہا ہے۔

شیئر ہولڈرز سے درخواست ہے کہ وہ اُن ٹرانزیکشنز کی توثیق کریں جو مالیاتی گوشوارے برائے اختتام سال 30 جون 2022 کے نوٹ نمبر 38 میں واضح کی گئی ہیں، لین دین کے لیے پارٹی کی لحاظ سے بریک اپ مالیاتی اسٹیٹمنٹس برائے سال محتتمہ 30 جون 2022 کے نوٹ نمبر 38 میں واضح کیا گیا ہے جو درج ذیل ہے۔

- 3. کمپنی کے ارکان، جن کے شیئرز سینٹر ل ڈیپازٹری سٹم (CDS) کے پاس اپنے اکاؤنٹ/ذیلی اکاؤنٹ میں رجسٹرڈ ہیں، ان سے درخواست ہے کہ وہ تصدیق کے لیے اصل کمپیوٹرائزڈ قومی شاختی کارڈ مع CDS میں اپنا اکاؤنٹ نمبر اور شریک کا آئی ڈی نمبر ساتھ لائیں۔
- 4. فنریکل شیئرز کے ارکان سے درخواست ہے کہ وہ اپنے پتول میں کسی بھی تبدیلی کی اطلاع کمپنی کے شیئر رجسٹرار کو فراہم کریں۔ جبکہ سی ڈی سی اکاؤنٹس کے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتول میں کسی بھی تبدیلی کی فوری اطلاع اپنے متعلقہ سی ڈی سی شراکت دار /بروکر/ سی ڈی سی انویسٹر اکاؤنٹ سروسز کو دیں۔
- 5. فنریکل شیئرز کے وہ ارکان جنہوں نے اپنے مستدر کمپیوٹرائزڈ قومی شاختی کارڈ (CNIC) کی فوٹو کاپی ابھی تک جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ کاپی کمپنی کے شیئر رجسٹرار کو بھیج دیں۔
- 6. کمپنیز ایک 2017 کے سیکشن 72 کے مطابق، ہر موجودہ لسٹا کمپنی کو اپنے فنریکل شیئرز ایک مقررہ طریقے پر اور SECP کی مقرر کردہ تاریخ ہے،

 بک انٹری کی شکل میں تبدیل کرنے ہوں گے۔ ایسے شیئر ہولڈرز جو فنریکل شیئرہولڈنگ کے حامل ہیں، ان سے درخواست ہے کہ وہ CDC کی انویسڑ

 اکاؤنٹ سروسز میں اکاؤنٹ کھولیں یا پھر کسی بھی بروکر کے پاس ذیلی اکاؤنٹ کھولیں اور اپنے فنریکل شیئرز کو غیر تحریر کی شکل میں تبدیل کریں۔ اس
 سے شیئر ہولڈر کو کئی طریقوں سے سہولت ملے گی، جن میں اپنی مرضی سے شیئرز کی محفوظ کسٹرئی اور فروخت بھی شامل ہے، کیونکہ پاکستان اسٹاک ایکھیجنج کمیڈٹ کی موجودہ ضوابط کے مطابق فنریکل شیئرز کی ٹریڈنگ ممنوع ہے۔
- 7. کمپنیز ایک، 2017 کے سیکشن 119 اور کمپنیز (عمومی دفعات اور فارمز) کے ضوابط 2018 کے مطابق، تمام فنریکل شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنی لازی معلومات جیسے CNICنمبر، پیتہ، ای میل ایڈریس، رابطہ موبائل/ٹیلیفون نمبرز، پیشہ وغیرہ فوری طور پرسی ڈی سی شیئر رجسٹرار سروسز کمیٹٹر کو فراہم کریں تاکہ مستقبل میں قانون کی کسی بھی عدم تعمیل یا کسی اور پریشانی سے بچا جاسکے۔
- 8. شیئر ہولڈرز کو بزریعہ بنا یاد دہانی کرائی جاتی ہے کہ کمپنیز ایک ، 2017 کے سیکشن 242 کے مطابق، اسٹڈ کمپنی ہونے کی صورت میں کمپنی کی جانب سے اعلان کردہ کسی بھی منافع منقسمہ کی رقم لازمی طور پر الیکٹرانک ذریعے سے براہ راست شیئر ہولڈرز کے بینک اکاؤنٹ میں بھی کروائی جائے۔ شیئر ہولڈرز سے درخواست ہے کہ منافع منقسمہ کی رقوم براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کے لیے، ای ڈیویڈنڈ مینڈیٹ فارم پُر کریں جو کہ کمپنی کی ویب سائٹ www.gfg.com.pk پر دستیاب ہے،اور اس پر دستیط کرکے CNIC کی ایک نقل کے ساتھ، فزیکل شیئر ہونے کی صورت میں، کمپنی کی ویب سائٹ پر وسٹرار میسرز سی ڈی سیئر رجسٹرار سروسز لمیٹڈ کو بھوا دیں۔ اگر شیئرز، سی ڈی سیم میں، تو ای ڈیویڈنڈ مینڈ بیٹڈ مینڈ بیٹ فارم لازماً براہ راست شیئر ہولڈرز کے بروکر/شراکت دار/ سی ڈی سی انویسٹر اکاؤنٹ سروسز کے پاس جمع کروایا جائے۔ IBAN جمع نہ کروانے کی صور سے میں، کمپنیز (ڈیویڈنڈز کی تقسیم) کی ضوابط، 2017 کے تحت، کمپنی ڈیویڈنڈز کی ادائیگی روک لے گی۔ علاوہ ازیں، غیر حتی (گروس) منافع منقسمہ، ٹیکس/زگوۃ کی گوئی اور منافع منقسمہ کی حتی (ٹیسے) رقم کے بارے میں معلومات سینٹر لائزڈ کیش ڈیویڈنڈ رجسٹر (CCDR) کے ذریعے فراہم کی جائے گی، للذا شیئر ہولڈرز کی طابعہ کے دہ وہ خود کو سی ڈی سی کی کے ای سروسز یورٹل https://eservices.cdcaccess.com.pk پر رجسٹر کروا ہیں۔
- 9. کمپنیز ایک، 2017 کے سیکشن 244 کی تعمیل میں، جیسے ہی کمپنی مقررہ کارروائیاں کممل کرلے گی تو کوئی بھی غیر دعویٰ شدہ منافع منقمہ اور/یا شیئرز، جو واجب الادا تاریخ سے تین سال یا اس سے زیادہ مدت گزرنے کے بعد بھی واجب الادا ہوں، اور قابل ادائیگی ہوں، انہیں وفاقی حکومت کے پاس (منافع منقمہ ہونے کی صورت میں) جمع کروا دیا جائے گا یا SECP کو (فنریکل شیئرز ہونے کی صورت میں) بجح کروا دیا جائے گا یا SECP کو وائیل شیئرز ہونے کی صورت میں) بھی کرا دیا جائے گا یا وصول وجہ سے اپنے منافع منقمہ یا شیئرز، اگر کوئی ہوں، وصول وجہ سے اپنے منافع منقمہ یا شیئرز، اگر کوئی ہوں، وصول کرنے/ ان کے بارے میں معلومات حاصل کرنے کے لیے کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز کمپیٹر (CDCSRSL)، میں باؤس، 99 بی، بلاک بین، ایس ای سی انتج ایس، مین شاہراہ فیصل، کراچی۔ 74400 پر رابطہ کریں۔
- 10. تمام شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ فعال ٹیک گزاروں کی فہرست (اے ٹی ایل) میں اپنا اسٹیٹس چیک کرلیں جو کہ FBR کی ویب سائٹ پر دستیاب ہے اور اگر ضرورت ہو تو اے ٹی ایل میں اپنے نام کی شمولیت کے لیے ضروری کارروائی کریں۔ اگر کسی شخص کا نام اے ٹی ایل میں شامل شیں ہوگا، تو الگو ٹیکس کی شرح سوفیصد سے بڑھ جائے گی۔

اطلاع برائے سالانہ اجلاسِ عام

بذریعہ مہذا مطلع کیا جاتا ہے کہ چیراٹ پیکیجنگ کمیٹڈ کا 33 وال سالانہ اجلاسِ عام بروز منگل، مؤرخہ 11 اکتوبر، 2022، بوقت صبح 10:00 بجے درج ذیل امور کی انجام دہی کے لیے کمپنی کے رجسٹرڈ دفتر واقع بیٹانی آر کید، جمرود روڑ، پشاور میں منعقد ہوگا:

عمومي امور

- 1. مورخه 21 اكتوبر 2021 كو منقعده سالانه اجلاس عام كي كاروائي كي توثيق كرنا
- 2. کمپنی کے آڈٹ شدہ اکاؤنٹس برائے اختتام سال 30 جون 2022 مع ڈائر یکٹرز اور آڈیٹرز رپورٹ وصول کرنا اور ان پر غور کرنا۔
- - 4. سال 2022/23 کے لیے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔
 - 5. صدر اجلاس کی اجازت سے کسی اور کاروباری عمل کی انجام وہی کرنا۔

خصوصى امور

- 6. درج زیل قرار دادیر بطور خصوصی قرار داد غور کرنا اور منظوری دینا:
- a) "طے پایا کہ متعلقہ فریقین اور متعلقہ کمپنیز کے ساتھ، جیسا کہ برائے اختتام سال 30 جون 2022 کے دوران مالیاتی گوشواروں کے نوٹ 38 میں ظاہر کیا گیا ہے، معمول کی کاروباری سر گرمیوں میں کی گئی ٹرانز یکشنز کی توثیق کی جاتی ہے اور منظوری دی جاتی ہے"۔
- (b "مزید طے پایا کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے آئندہ سال کے دوران متعلقہ فریقین اور متعلقہ کمپنیز کے ساتھ معمول کی کاروباری سر گرمیوں میں کی جانے والی ٹرانزیکشنز کی منظوری کا مجاز ہے"۔

درج بالا خصوصی امور سے متعلقہ، کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت ایک اسٹیٹمنٹ اس اعلامیے کے ساتھ منسلک ہے۔

جگم بورڈ آف ڈائریکٹرز ملک میں حنا میرسلل مینی سیرٹری

كراچى: 24 اگست، 2022

نس:

- 1. کمپنی کے ارکان کا رجسٹر بروز منگل، مورخہ 4اکتوبر 2022 تا منگل 11اکتوبر 2022 (بشمول دونوں ایام) بند رہے گا اور اس دوران کوئی ٹرانسفر رجسٹر بندن کی جائے گا۔ کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹٹر (CDCSRSL)، می ڈی سی ہاؤس، 99۔ بی، بلاک 'بی'، ایس ایم سی انٹج ایس، مین شاہراہ فیصل، کراچی۔ 74400 پر بروز پیر، مؤرخہ 3 اکتوبر 2022 کو کاروباری اوقات کے اختیام تک درست صورت میں موصول ہونے والے شیئرز،درج بالااستحقاق کے لیے بروقت تصور ہوں گے، مذکورہ استحقاق کمپنی کے موجودہ پیڈ آپ کمپییٹل پر عمل میں لایا جائے گا۔
- 2. کمپنی کا کوئی رکن، جو سالانہ اجلاسِ عام میں شرکت، گفتگو اور ووٹ دینے کا اہل ہو، اپنی جگہ کسی دوسرے رکن کو شرکت، گفتگو اور ووٹ دینے کے لیے اپنا نمائندہ (پراکسی) مقرر کرسکتا ہے۔ نمائندگان کا اختیار نامہ مؤثر ہونے کے لیے تحریری شکل میں ہونا لازمی ہے اور یہ کمپنی کے صدر دفتر میں اجلاس سے 48 گھنٹے قبل لازماً موصول ہو جانا چاہیے۔

بورڈ آف ڈائر یکٹرز نے ممکنہ خطرات کی نشاندہی کی اور سمپنی پر ان کے اثرات کی جانچ کرتے ہوئے کاروبار کو لاحق خطرات ختم کرنے کی حکمتِ عملی تشکیل دی۔ ان حکمت عملیوں کی نگرانی آڈٹ سمیٹی کے ذریعے سمپنی کی تمام سطحوں پر کی گئی۔

خطرات کی جانچ:

کاروبار کو متعدو غیر یقینی صور تحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لیے خطرہ ہوسکتے ہیں اور اگر ان کا تدارک نہ کیا جائے تو ایسے نقصانات ہو سکتے ہیں جن سے بچا جاسکتا تھا۔ سمپنی کے بورڈ آف ڈائر کیگرز نے اندرونی اور بیرونی دونوں طرح کے خطرات کی جائج کی جو سمپنی کو درپیش ہوسکتے ہیں۔ خام مال کی بڑھتی ہوئی قسیس سمپنی کو درپیش ہوسکتے ہیں۔ پاکستانی روپے کی قدر سمیں کمی نے اس خطرے سمیں مزید اضافہ کردیا ہے۔ اس کے منفی اثرات کو ختم کرنے کے لیے سمپنی نے اپنے بنیادی بین الاقوامی سیلائرز کے ماتھ محکمت عملی پر مبنی تعلقات استوار کیے اور بروقت گفت و شنید، بیسٹی آرڈرز اور بروقت ڈلیوری کو یقینی بنایا۔ سمپنی کو درپیش ایک اور بیسٹی آرڈرز اور بروقت ڈلیوری کو یقینی بنایا۔ سمپنی کو درپیش ایک اور بیسٹی مال کی دستیابی کا ہے۔

چیراٹ پیکیجنگ نے 2009 میں کمل SAP سہولت کا نفاذ کیا۔
اس کی بدولت، تمام کاروباری سرگرمیاں بشمول مالیات، رسدی سلسلہ
اور انوینٹری مینجنٹ عمرہ طور پر ہم آہنگ ہیں۔ اس سٹم پر یوزرز
کو مکمل تربیت حاصل ہے۔ مینجنٹ اپ گریڈیشن کے لیے سٹم کا
جائزہ لے رہی ہے اور نی الحال S4/HANA ڈیٹا ہیں پر اپ
گریڈنگ کے عمل میں ہے۔ اس کے علاوہ HR کے مخصوص
موڈیولز کے لیے SAP کامیابی کے عامل کا نفاذ بھی کر رہی ہے۔
سٹم کی سیکیورٹی بھینی بنانے کے لیے موزوں رسائی اور دیگر کنٹرولز
نافذالعمل ہیں۔

بورڈ، انفار میشن سیکیورٹی کے حوالے سے سے موجودہ خطرات کے پیش نظر، سائبر سیکیورٹی کی اہمت کا اعتراف کرتا ہے۔ یہ خطرات ہماری کاروباری سر گرمیوں کو براہ راست متاثر کر سکتے ہیں۔ سمبنی کا ایک اِن ہاؤس آئی ٹی سے متعلقہ سیکیورٹی کے لیے ایک مختص عملہ ہے۔ دوران سال، بورڈ کی ہدایت پر، ایکسٹرئل کنسلڈٹ کی جانب سے سائبر سیکیورٹی آڈٹ عمل میں لایا گیا تھا۔ لایا گیا تھا اور ان کی سفارشات کا مناسب طور پر نفاذ کیا گیا تھا۔ دورانِ سال اس حوالے سے کوئی انحراف نہیں دیکھا گیا۔

قرضول کی ادائیگی:

کمپنی نے اپنے مالی واجبات کی ہمیشہ محمیل کی ہے اور اپنے واجبات وقت پر ادا کیے ہیں۔ دورانِ سال، کمپنی نے 714.59ملین روپے کے قرضے بینکس کو واپس ادا کیے۔

سیس استر گر: کمپنی کے ایکوئی کے موجودہ قرضہ جات کی شرح تقریباً 30:70 ہے۔ کمپنی کے مستقل منافع جات کے حصول کے باعث گیئرنگ شرح بہتر ہو رہی ہے۔ مکمل استعدادسے استفادے کے بعد اس میں مزید بہتری آئریگی

مستقبل کی توقعات:

جغرافیائی میاس مسائل اور حکومت کی جانب سے کیے گئے مالی/زری اقدامات کے باعث اثبائے تجارت کی زیادہ فیمتیں ملکی معیشت کے لیے

افراطِ زر کے دباؤ کا باعث بنی ہیں، جو کہ مستقبل میں مقامی طلب کو کم کر رہی ہے۔ ان مسائل کے باوجود، کمپنی ان ناموافق بیرونی عوامل کو برداشت کرنے کی پوزیش میں ہے۔

کمپنی نے اپنے موجودہ کاروباری اداروں کی توسیع اور پیکیجنگ کے نئے شعبوں میں تنوع کی بدولت پیکیجنگ کی دنیا کے مارکیٹ لیوٹر کے طور پر اپنے طویل المیعاد مقصد کو ہم آ ہنگ کیا ہے۔ اس سے اسے نہ صرف سیمنٹ سیکٹر بلکہ دیگر اندسٹریز جیسے کہ FMCG سیکٹر سے بھی پیکیجنگ مٹیریلز کی طلب بوری کرنے کی اہلیت ملح گی۔ بھربور مسابقت کے اس دور میں، کمپنی اپنا مارکیٹ شیئر محفوظ رکھنے اور پیداوار بڑھا کر لاگت کم دور میں، کمپنی اپنا مارکیٹ شیئر محفوظ رکھنے اور پیداوار بڑھا کر لاگت کم سے کم کرنے کے لیے پُراعتاد ہے۔ کمپنی اپنے سپلائرز خصوصاً میسرز مونڈی سے کم کرنے کے لیے پُراعتاد ہے۔ کمپنی اپنے سپلائرز خصوصاً میسرز مونڈی انہیں خراج تحسین بیش کرتی ہے۔

فیول کی تعیمتوں میں اضافے نے اندرونِ ملک نقل و حمل کے اخراجات کو بڑھا دیا ہے۔ اس کے علاوہ حکومت نے بجلی کے نرخ بھی بڑھائے ہیں، چنانچہ یہ بھی پیداواری لاگتوں میں اضافے کا باعث ہیں۔ اپنے بجلی کے اخراجات کم کرنے کے لیے، سمپنی نے اپنے فلیکس ایبل پیلیجنگ ڈویژن میں 0.96 میگا واٹ کے سولر پیٹلز نصب کیے ہیں۔ مزید برآں، کمپنی جون 2020 سے پختونخوا انرجی ڈیولپنٹ آر گانگزیشن (PEDO) سے وھیلنگ ریجیم انرجی پرچیز اگر یمنٹ کے تحت تقریباً 1 میگا واٹ بجلی سے وھیلنگ ریجیم انرجی پرچیز اگر یمنٹ کے تحت تقریباً 1 میگا واٹ بجلی سے وھیلنگ ریجیم انرجی پرچیز اگر یمنٹ کے تحت تقریباً 1 میگا واٹ بجلی سے وہیلنگ رہمین صور تحال کا باریک بینی سے جائزہ لے رہی ہے اور اپنے اسٹیک ہولڈرز کے مفادات کے تحفظ کے لیے اس طرح مناسب اقدامات جاری رکھے گی۔

آڏيترز کا تقرر:

موجودہ آڈیٹرز میسرز ای وائے فورڈ رہوڈز، چارٹرڈ اکاؤنٹینٹس ریٹائر ہوگئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

ستائش كلمات:

مینجمنٹ اپنے تمام کسٹرز، مالیاتی اداروں، اسٹاف کے اراکین، سلائرز اور شیئر ہولڈرز کی شکر گزار ہے جو اپنی مسلس جمایت اور تعاون کے ساتھ کمپنی سے منسلک ہیں۔ ہم مونڈی سکیجنگ اورونڈمولر اینڈ ہولشرکے تعاون اور مدد پر ان کا بھی خصوصی شکریہ ادا کرتے ہیں۔

منجانب بورد آف دائر يكثرز

عم**ساء کی** عامر فاروق چیف ایگزیکشیو

كراچى: 24 اگست 2022

antal

أكبر على يسناني

چيئر مين

شیئر ہولڈنگ کی طرز اس رپورٹ کے ساتھ منسلک ہے۔	٠	
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• دورانِ سال فی شیئر آمدنی (ای پی ایس) 20.83 روپے رہی، جو کہ گزشتہ سال 20.12 روپے تھی۔

(b نان ایگزیکشیو ڈائریکٹرز b)

i. محترم اکبر علی پینانی ii. محترم اسلم فاروق

iii. محترم شهریار فاروق iv. محترم عارف فاروق

a) خود مختار ڈائر یکٹرز

محترم علَى اللهِ شيرازى

.iii محترمه مليحه هايون بنگش

محترم شير افضل خانِ مزارى

(c) ایگزیکٹیو ڈائریکٹرز · · م

i. محترم عامر فاروق ii. محترم عابد وزیر

ڈائریکٹر کا نام

d) خاتون ڈائریکٹر i.

 دورانِ سال، بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

اجلاسول میں شرکت کی تعداد

5	محترم اكبر على بسنانى
5	محترم عامر فاروق
4	محترم اسكم فاروق
4	محترم شهريار فاروق
5	محترم عارف فاروق
5	محترم علی ایج شیرازی
5	محترم عابد وزير
5	محترم شير افضل خانِ مزاری
5	محترمه مليحه هايول بنكش

رواں سال آؤٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ان میں ہر رکن
 کی شرکت کا ریکارڈ درج ذیل ہے:

ڈائر یکٹر کا نام اجلاس میں شرکت کی تعداد

4	محرّم علی ایچ شیرازی
4	محترم عارف فاروق
3	محترم شهريار فاروق

روال سال افرادی قوت اور مشاہرہ سمیٹی کے دو اجلاس منعقد ہوئے۔
 ان میں ہر رکن کی شرکت کا ریکارڈ درج ذیل ہے:

ڈائر یکٹر کا نام اجلاس میں شرکت کی تعداد

2	محترم شیر افضل خان مزاری محترم اسلم فاروق
1	محترم اسلم فاروق
2	محترم عامر فاروق

ڈائریکٹرز کا مشاہرہ:

کمپنی کے آرٹیکگر کے ذریعے بورڈ آف ڈائریکٹرز وقاً فوقاً نان ایگریکٹیو اور خود مخار ڈائریکٹرز کا مشاہرہ مقرر کرنے کا مجازے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز کے لیے آف ڈائریکٹرز نے کمپنی کے نان ایگرنیکٹرو اور خود مخار ڈائریکٹرز کے لیے ایک مشاہرے کی تفسیات مالیاتی گوشوارہ برائے اختتام سال 30 جون 2022 کے نوٹ 37 میں ظاہر کی گئی ہیں۔

پورڈ آف ڈائر یکٹرز اور بورڈ کیٹیوں کی کارکردگی کی جانچ:

کمپنی کاروباری ضابطی اظال کے جزو کے طور پر بورڈ آف ڈائر یکٹرز، اس کی کمیٹیزا ور انفرادی ڈائریکٹر کی سالانہ جانچ کا اہتمام کرتی ہے۔ پُرشدہ سوالنامہ موصول ہونے پر سمپنی سیریٹری انتہائی رازداری سے کام لیتا ہے۔ طریقی کار کی شفافیت کو یقین بنانے کے لیے سمپنی نے میسرز گرانٹ تصورٹن انجم رحمان، چارٹرڈ اکاؤشینٹس کی خدمات حاصل کی ہیں، جو نتائج مرتب کرنے اور بورڈ آف ڈائریکٹرز کے لیے رپورٹ تیار کرنے کے ذمے دار ہیں۔ رپورٹ کے مندرجات کی جائج کی جاتی ہے اور اُن پہلوؤں کی نفاندہی کی جاتی ہے جن میں بہتری کی ضرورت ہو۔

متعلقہ بارٹیز کے ساتھ لین دین:

متعلقہ پارٹیز کے ساتھ تمام کین دین ایک مقررہ حد کے تحت انجام دیا جاتا ہے جس کو سمپنی کے مالیاتی گوشواروں میں مناسب طور پر ظاہر کیا جاتا ہے۔

كاردباري ضابطي اخلاق يرعمل درآمه كا كوشواره:

سمپنی، اسٹار کمپنیز (کاروباری ضابطئ اخلاق) کے ضوابط، 2019 پر پوری طرح عمل پیرا ہے۔ عمل درآمد کا گوشوارہ اس رپورٹ کے متعلقہ سیکشن کے تحت فراہم کیا گیا ہے۔

يوني ازجي لميثد:

یونی از جی۔ ونڈ پاور پراجیکٹ کی ایک مشتر کہ کاروباری مہم ہے، جس کو لیٹر آف انٹینٹ عطا کیا گیا ہے اور پروجیکٹ کے سیٹ اپ کے لیے جسمپیر، ضلع کھٹھہ میں باقاعدہ زمین الاٹ کی گئی ہے۔ مشتر کہ مہم کے پارٹنزز نے پراجیکٹ کی جاری مالیاتی ضروریات پوری کرنے کے لیے کمپنی میں ابتدائی لیکوئٹ سرمایہ کاری کی ہے۔ اس سلسلے میں چیراٹ چیکجنگ نے اپنے شیئر ہولڈرز کی منظوری حاصل کرکے 4.62 ملین روپ کی لیکوئٹ سرمایہ کاری کی۔ حکومت نے پراجیکٹ کے لیے اب تک کی زخ نامے کا اعلان نہیں کیا ہے۔

خدشات اور مواقع:

• خطرات سے خملنا:

بورڈ آف ڈائر یکٹرز نے اُن ساجی معاشی ماحول اور اس کے نتیجے میں اندرونی اور بیرونی خطرات پر گہری نظر رکھی جو سکینی کے آپریشز کو روال رکھنے اسٹیک ہولڈرز کے مفادات کے نگہبان کے طور پر ڈائر یکٹرز نے سال بھر میں خطرات کی نشاند ہی کرنے اور ان کو ختم کرنے کے لیے مستعدی سے کام کیا۔

اور توسیعی منصوبے وغیرہ۔ زیر جائزہ سال میں بورڈ آف ڈائریکٹرز مسرت کے ساتھ حتمی کیش ڈیویڈنڈ بلحاظ 1.50روپے فی شیئر اور بوٹس شیئرز بلحاظ 10 فیصید کی سفارش کرتے ہیں۔یہ پہلے ادا کردہ 1.00روپیہ فی شیئر کے عبوری کیش ڈیویڈنڈ کے علاوہ ہے۔

ا بولی پروپلین بلانک کی توسیع اور سولر پلیل کی تنصیب:

دورانِ سال، کمپنی نے اپنی چو تھی پولی پروپلین لائن کا کام انجام دیا۔ یہ اپنی نوعیت کا جدید ترین اور سب سے مؤثر ایکوئیمنٹ ہے جو کہ میسرز ونڈمولر اینڈ ہو کیچرہے حاصل کیا گیا ہے۔ اس میں اندازاً 65 ملین بیگرنہ سالانہ بنانے کی گنجائش ہے جس کی بدولت پولی پروپیٹین ڈویژن کی جموعی پیداواری اہلیت بڑھ کر 260 ملین بیگز سالانہ ہو چکی ہے۔ مزید برآل، دورانِ سال، کمپنی نے سولر پینلز کی تنصیب بھی کی ہے، جو اب کمپنی کو 0.96 میگا واٹ گرین انرجی فراہم کر رہے ہیں۔

فلیس ہبل ہیکیجنگ کی کاروہاری توسیع: مارکیٹ سے ملنے والے حوصلہ افترا ردِّ عمل کے پینِ نظر، سمبنی نے فلیس ا بیل ہیکیجنگ کاروبار کی پیداواری گنجائش بڑھانے کے لیے الائیڈ ایکوئیچنٹ کے ساتھ ایک اور روٹو گرپور (Rotogravure)پرنٹر حاصل کرنے کا فیصلہ کیا ہے۔ ایکوئیمنٹ کی خریداری کا آرڈر بڑے یورٹی سیلائرز بشمول میسرز وِندُمُولر ایندُ ہولشر(Windmoller & Holscher) کو دِے دیا گیا ہے۔ توقع ہے کہ یہ توسیع مارچ 2023 تک مکمل ہوجائے گی۔ پیداواری اہلیت میں اضافے کی بدولت عمینی اینے گرا ں قدر کسٹمرز کی طلب کو مؤثر انداز میں پورا کرنے اور اپنے دستیاب وسائل سے بہترین استفادے کے قابل ہوجائے گی۔

کاروباری ساجی ذمه داری:

مینی،معاشرے میں تمام اسٹیک ہولڈرز خصوصاً خود سے وابستہ افراد او رماحولیات کے مفاد کے لیے اپنا کردار ادا کرنے کے لیے پُرعزم ہے۔ اپنی کاروباری ساجی ذِمہ داری کی پالیسیوں سے ہم آہنگ رہتے ہوئے، سمپنی ہمیشہ اپنے مینوفیکچرنگ بلانٹس اور اس کے گردونواح کے علاقوں میں رہنے والے لوگوں کی رہائٹی صور تحال کو بہتر بنانے کے لیے مختلف ساجی اقدامات کر رہی ہے۔ ممبئی نے ہمیشہ اُن لوگوں تک پینج کر درکار تعاون فراہم کیا ہے جنہیں کسی بحران یا قدرتی آفت کے نتیجے میں مدد درکار ہو۔ سمپنی مختلف فلاحی اداروں اور ساجی مقاصد کے لیے مسلسل تعاون بین کرتے ہوئے اپنے نصب العین یعنی "بہتر ماحول، بہتر معیشت، بہتر پاکستان'' کو فروغ دے رہی ہے۔

تحفظ، صحت اور ماحولمات:

خود سے وابستہ افراد کی صحت اور تحفظ میں اعلیٰ اسٹینڈرڈزکوبرقرار رکھنے پر پختہ یقین رکھتے ہوئے، کمپنی نے کئی اقدامات کیے ہیں۔ ان میں COVID-19 کی عالمگیر وہا کے باعث کاروبار کی برکتی ضروریات کے تحت صحت او رملاز مین کے تحفظ کے لیے اقدامات شامل ہیں، تاکہ اسٹاف کو اس وائرس سے ہر ممکن حد تک تحفظ دیا جاسکے۔ اس سلطے میں سمپنی نے اپنے تمام اسٹاف کو ویکسی نیشن کروانے کے ساتھ ساتھ بوسٹرز لگوانے کی ترغیب دی ہے۔ اسٹاف کو ذاتی تحفظ کا سامان فراہم کیا گیا اور سمپنی نے ساجی فاصلے، فربت، بے ترتیب ٹلیسٹنگ وغیرہ جیسے اقدامات متعارف کرائے، تاکہ ملاز مین کی تندر سی اور کاروباری تسلسل تو یقینی بنایا جاسکے۔ کمپنی نے حسب ضرورت Covid کے ٹنینٹس کا اہتمام کیا اور ملاز منین کو گھر سے کام کرنے کی اجازت دی۔

کمپنی کی پیداواری سہولیات میں ایڈسٹری کے مجوزہ اسٹینڈرڈزکے مطابق تحفظ کے اقدامات کیے گئے ہیں۔ کمپنی کا ایک مخصوص HSEڈیار ٹمنٹ ہے جو HSEکے مقاصد کے نفاذ کی نگرانی کرتا ہے۔ ڈیار ممنٹ نہ صرف HSE کے بہترین معمولات پر عمل درآمد کو یقینی بناتا ہے، بلکہ اسٹاف کی باقاعدہ حفاظتی تربیت کا اہتمام بھی کرتا ہے۔ سمپنی کے HSE اسٹینڈرڈز کے سختی سے نفاذ کی بدولت پورے سال کوئی بڑا حادثہ رونما نہیں ہوا۔

قوی خزانے میں حصہ:

دورانِ سال سمینی نے ٹیکسز، ایکسائز ڈیوٹی، انکم کمیکس اور سیز ٹیکس کی شکل میں حکومت کے خزانے میں 4.5 بلین روپے سے زیادہ رقم جمع کروائی۔

کاربوریٹ اور مالیاتی ربورٹنگ فریم ورک پر بیائیہ:

- سمینی کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے آپریشز، کیش فلوز اور ایکوئی میں تبدیلیوں کی بالکل درست عکاسی کرتے ہیں۔
 - کمپنی کی جانب سے درست بھی کھاتے بر قرار رکھے گئے ہیں۔
- کمپنی نے مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیز کی مسلسل پیروی کی ہے اور اکاؤنٹنگ کے تخمینے معقول اور مختاط فیصلہ سازی پر مبنی ہیں۔
- مالياتي گوشوارول كي تباري ميں ياكتان ميں لاگو ہونے والے بين الا قوامي مالياتی رپورٹنگ کے معيار پر عمل کيا گيا ہے اور اس سے کسی بھی قشم کے انخراف
 - کی موزوں نشاندہی اور وضاحت کر دی گئی ہے۔
- انٹرنل کنڑول کا نظام این ساخت میں مستقلم ہے اور اس کا مؤثر نفاذ اور گرانی عمل میں لائی گئی ہے۔
- کمپنی کی کاروباری حیثیت آئندہ بھی جاری رہنے کی اہلیت پر کوئی شکوک و شبهات نهیں ہیں۔
- کاروباری ضابطی اخلاق کی بہترین تعمیل سے کوئی بڑا انحراف نہیں ويکھا گيا۔
- گزشتہ چھ (6) سال کے اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس سالانہ ریورٹ میں شامل ہے۔
- آپ کی ممپنی کے ذمے ٹیکسز، ڈیوٹیز، لیویز اور چار جز کی مد میں کوئی واجبات تہیں ہیں، سوائے ان کے کہ جو عام کاروباری معاملات میں جاری رہتے ہیں۔
- سمینی اینے ملازمین کے لیے پراویڈنٹ اور گریجویٹی فنڈز کے اکاؤنٹس بر قرار رکھتی ہے۔ فنڈز کی سرمایہ کاریوں کی قدر بمطابق 30 جون 2022

درج ذیل ہے:

272.09 ملين رويے • بِرِاویدُنٹ فندُ 102.73 ملين روپيه • گریجویٹی فنڈ

بورد آف داريكرز:

بورڈ میں مجموعی ڈائر یکٹرز کی تعداد 9 ہے۔ جن کی ترتیب درج ذیل ہے:

 مرد ڈائریکٹرز: خاتون ڈائر یکٹر:

ڈائر یکٹرزربورٹ

بورڈ آف ڈائر یکٹرز مسرت کے ساتھ سمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے اختتام سال 30 جون، 2022 پیش کر رہے ہیں۔

مالیاتی نتائج، تصرف اور بعد کے اثرات:

30 جون 2022 کو اختتام پذیر ہونے والے سال کے مالیاتی نتائج اور خصصات درج ذیل ہیں۔

عمومي جائزه:

Covid-19 کی عالمگیر وبائے باعث پچھلے سال کی محاثی تنزل سے عہدہ برآ ہونے کی عالمی کوششوں کو جغرافیائی سیاس پیش ہائے رفت، عالمی سطح پر برترین افراطِ زر کی شرح سے شدید دھچکا پہنچا ہے جس سے خوراک اور توانائی کی قیمتوں میں اضافہ ہوا۔ نتیجتاً پوری دنیا میں مرکزی بینکس نے اپنی شرح سود میں اضافہ کر دیا۔

ملکی سطح پر، موجودہ سیاسی عدم استحکام نے زیر مبادلہ کے قلیل ذخائر اور غیر مستحکم کرنٹ اکاؤنٹ کے خیارے کے باعث مالیاتی مسائل میں مزید اضافہ کیا۔ اشیائے تجارت بشمول تیل اور توانائی کی قیمتوں میں غیر متوقع اضافے کا نتیجہ بلند افراطِ زر کی صورت میں سامنے آیا۔ تنزل پذیر معاشی عوامل ملک میں مالیاتی غیر بقینی کا سبب بن رہے ہیں۔ پاکستانی روپے کی قدر میں تیزی سے آنے والی کی پیداواری لاگت پر منفی اثرات مرتب کر رہی ہے۔ بڑھتی ہوئی سودی شرح اور مالیاتی سر گرمیوں میں مسلسل کی جیسے عوامل ملک میں کاروبادی اداروں کے مالیاتی سر گرمیوں میں مسلسل کی جیسے عوامل ملک میں کاروبادی اداروں کے مالیاتی استحکام پر منفی اثر ڈال رہے ہیں۔

كاروباري جائزه:

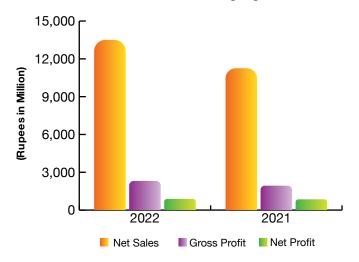
شدید معافی عدم استحکام کے حامل اس سال میں، چیراٹ پیکیجنگ نے شاندار مالیاتی کارکردگی کا مظاہرہ کیا اور اپنے اسٹیک ہولڈرز کی توقعات کو پورا کیا۔ دورانِ سال سمپنی کے سیر ریوینیوز میں تاریخی اضافہ ہوا جس کا بنیادی سب فلکس ایبل پیکیجنگ ڈویژن کے سیرز کے جم میں اضافہ تھا۔ سب سے زیادہ متنوع پیکیجنگ پراڈکٹس پیش کرنے والے مارکیٹ لیڈر کی حیثیت سے سمپنی متنوع پیکیجنگ میریلز کے حامل کرافٹ پیپر اور پولی پروپلین گرینولز نے ہاسہولت پیکیجنگ میریلز کے حامل کرافٹ پیپر اور پولی پروپلین گرینولز سے جنے ہوئے اعلی معیار کے سیمنٹ بیگر اپنے گرال قدر کسٹمرز کو فراہم

ہم یہ بتاتے ہوئے خوشی محسوس کر رہے ہیں کہ (Flexible) فلیکس ایبل پیکیجنگ ڈویژن نئے معروف کسٹمرز کی آمد اور مارکیٹ کے نئے شعبوں میں قدم جمانے کی بدولت مسلسل ترقی کی جانب گامزن ہے۔ کئی مقامیکمپنیزنے فلیکس ایبل پیکیجنگ مٹیریل کے حوالے سے کمپنی پر اپنے اعتاد کا اظہار کیا ہے جبکہ بہت می دیگر کمپنیز بھی حتی کارروائی کے مراحل طے کررہی ہیں۔

موجودہ اور گزشتہ سال کی مالیاتی جھلکیاں ذیل میں پیش کی جا رہی ہیں:

2021	2022
(Rupees	in '000)
11,255.10	13,502.52
1,937.63	2,314.73
855.09	885.51

Financial Highlights



الياتي كار كردكي:

سال 2021/22 میں، گزشتہ سال کے مقابلے میں کمپنی کے ساز روینیوز میں 20 فیصد کا اضافہ دیکھا گیا۔ دورانِ سال، فلیکس ایبل پیکیجیگ مٹیریل کی فروخت کے جم میں خاطرخواہ اضافہ ہوا۔ تاہم، سیمنٹ کی طلب میں کی کے باعث فروخت ہونے والے سیمنٹ بیگز کی سیمنٹ کی طلب میں کی کے باعث فروخت ہونے والے سیمنٹ بیگز کی تعداد نسبتاً کم رہی۔ جیسا کہ اوپر بتایا گیا کہ ہم نے عالمی قلت اور پاکتانی روپ کی قدر میں کی کے باعث بنیادی خام مال جیسے کہ کرافٹ بیپر، پی پی گرینولز اور دیگر مٹیریلز کی لاگت میں تیز رفتار اضافہ برداشت کیا ہے۔ علاوہ ازیں، تیل اور توانائی کی قیمتوں میں غیر متوقع اضافے کے باعث پیداواری لاگت میں بھی اضافے کے شرح میں اضافہ ہوا ہے۔ کاروباری حجم اور رعایت شرح میں اضافے کی نسبتاً زیادہ شرح میں اضافے کی نسبتاً زیادہ شرح میں دورانِ سال مالیاتی لاگت بھی بڑھ گئے۔ فلیل کے سیولت میں عورت میں ذورانِ سال مالیاتی لاگت بھی بڑھ گئے۔ فلیل کے اقدامات میں صورت میں نکار آنمام اخراجات کی ادائیگی کے بعد برائے ادائیگی کی صورت میں نکار آنمام اخراجات کی ادائیگی کے بعد برائے اضافہ میاں میال 30 جون، 2022 کمپنی کا بعد از فلیل منافع 28 میں مافع 28 میں روپے رہا۔

<u> ڈیویڈنڈز</u> کی ادائنگی:

سمینی نے ڈیویڈنڈز کی تقسیم کا تسلسل ہمیشہ برقرار رکھنے کی کوشش کی ہے۔ ڈیویڈنڈز کی ادائیگی کے لیے مختلف پیانوں کا خیال رکھا جاتا ہے، جیسے کہ سمینی کی مالیاتی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات





Cherat Packaging Limited A Ghulam Faruque Group Company

1/	We —			
of				
bei	ng a member of CHERAT PACKAGING LIMITED, her	eby appoint		
on	of an end & vote for me / us and on my / our behalf at the 3 Tuesday, 11th October, 2022 at 10:00 a.m. at the mrud Road, Peshawar and at any adjournment the	3rd Annual General meeting o	of the Compa	ny to be held
WI	TNESSES:			
1.	Signature: Name: Address: CNIC or Passport No.	Signatur Shareho	e oi	Revenue Stamp
2.	Signature: Name: Address: CNIC or	(Signature s with the spec registered with		re
1. I I I I I I I I I I I I I I I I I I I	Passport No. tes: Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) / Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport.	Shares Held: Folio No.		count No. Account No.

CNIC No.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

پراکسی فارم

چيراٹ پيکيجنگ لمينڈ 33 وال سالانداجلاسِ عام



	سلنه	سمى المسماة
	راٹ پیکیجنگ لمیٹٹر مسمی امسا ۃ	
) مقرر کرتا اکرتی ہوں تا کہوہ میری جًا	· · · · · · · · · · · · · · · · · · ·	
2، صبح 10:00 بجے، منعقد ہوگا، اس میں ا		بری طرف سے کمپنی کے 33واں سالا نہاجلا سِ عام سرکہ میں میں نہ
	رووٹ ڈ الے۔	کے کسی ملتو می شدہ اجلاس میں شرکت کرے بولے او
ر پوښو		ن ستخدا
ريونيو دستخط شئير ہولڈر اسٹيمپ		
		<i>;</i> ;
		CNIC/ پاسپورٹ نمبر
(دستخط سمپنی میں درج نمون کےمطابق ہونے چاہئے		
~		
		CNIC/ پاسپورٹ نمبر
		ا ہم نوٹ
ن به بوجائے۔	تت سے 48 گھنٹے پہلے نمپنی کے ہیڈآ فس میں وصول	ا _ پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک پیہ جنر ل میٹنگ کےو
کے لیے اپنے اصلی کمپیوٹرائز ڈ قومی شناختی کارڈ 1 پاسپورٹ		۲۔ سی ڈی تی حصص داران اجلاس ہذا میں شرکت کرنے ، بولنے اورووٹ د. ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائز ڈقو می شناختی کارڈ اپا
کے ساتھ منسلک کرنے ہوں گے۔	ر آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم	۳۔ کارپوریٹادارے کی صورت میں بورڈ آف ڈائر یکٹرز کی قرار داد / پا
	مجموعی شیر ز	
ک ڈی کا اکاؤنٹ نمبر شامید نا سامید نا	رچىر ۋىليونمبر	
شراكق نمبر اكاؤنث نمبر		

E-Dividend Mandate Form

To:



Date: _____

Sharehold	der's Detail
Name of Company	Cherat Packaging Limited
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	
Shareholder	's Bank Detail
Title of Bank Account (Mandatory)	S Dank Detail
International Bank Account Number (IBAN) Mandatory (2	4 Digite)
P K Bank's Name	
Branch Name and Address	
Branch Name and Address	
It is stated that the above mentioned information is corresponded in the immediately intimate Participant / Share Registrar accordance (Nours sincerely,	
Signature of Shareholder (Please affix company stamp in case of corporate entity Notes: COMPANY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBE	

The shareholders who hold shares in Central Depository Company are requested to submit the above-mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being dealt. The shareholders who hold shares in physical form are requested to submit the

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

above mentioned Dividend Mandate Form, duly filled-in, to the share Registrar of the Company, as mentioned below:

COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.



Head Office: Modern Motors, House Beaumont Road, Karachi 75530, Pakistan UAN: (9221) 111-000-009 Email: info@gfg.com.pk I Web: www.gfg.com.pk

