



COLORS OF EXCELLENCE



Cherat Packaging Limited
A Ghulam Faruque Group Company

**ANNUAL
REPORT
2 0 2 4**



At Cherat Packaging Limited, **"Colors of Excellence"** defines our commitment to exceptional performance. Our performance is deeply influenced by the philosophy of colors, which we see as a catalyst for excellence and innovation. By aligning our work with this philosophy, we achieve outstanding results.



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, 2023 to June 30, 2024

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.





ORANGE THE COLOR OF ENTHUSIASM

ORANGE is a color that interprets
ENTHUSIASM and **UPLIFTMENT**.

At Cherat Packaging Limited, **ENTHUSIASM**
drives every aspect of our operations, from
product design to customer service.





BLUE THE COLOR OF WISDOM

The **BLUE** evokes a sense of **WISDOM** and **STABILITY**.

Blue reflects the essence of effective **LEADERSHIP** and sound decision-making. **STRATEGIC THINKING** and innovative solutions **LEAD** the way to excellence.





GREEN THE COLOR OF SUSTAINABILITY

GREEN is a color that interprets **SUSTAINABILITY** and **NATURE**.

Embracing **SUSTAINABILITY** through **GREEN ENERGY** and minimizing wastage through recycling reflects Cherat Packaging Limited's commitment to environmental responsibility and innovative practices.





YELLOW THE COLOR OF **E N E R G Y**

YELLOW is a color that interprets
ENERGY.

We ensure that our projects are executed with passion and **ENERGY**, leading to exceptional outcomes and a vibrant workplace culture.





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NATURE OF BUSINESS

We support the brands you rely on, dedicated to enhancing people’s lives through small yet significant improvements on a daily basis

We are market leaders in developing and producing packaging for food, beverage, pharmaceutical, home, personal-care, cement, fertilizers, chemical and other various sectors.

Incorporated in 1989, Cherat Packaging has Polypropylene, Kraft Paper Bag and Flexible Packaging Divisions. The Company is one of the largest producer and supplier of Papersack and Polypropylene bags to the cement industry in Pakistan. The Company has diversified its operations by innovating in the Flexible Packaging Division. With an eye on increasing global urbanization, fast-paced consumer lifestyles and adoption of e-commerce. This establishes the Company as one of the most diversified packaging business players of the country. CPL commenced its Flexible packaging operations in the year 2018. It installed Rotogravure printer, Flexographic printer and Extrusion. Encouraged by the response from the market, the Company installed its second Rotogravure printer and Flexographic printer in the financial year 2023 and 2024, respectively, which are now operational. Production lines are acquired from world renowned European suppliers.

We remain firmly connected to our core values, and principles, with a profound mutual understanding within our team and organization. We believe in striving to excel and deliver our best for the world around us.

In a rapidly changing and competitive environment, our success is measured by the growth and prosperity of our customers, facilitated by our commitment to quality, service, and innovation. We provide our customers with a distinctive array of adaptable packaging solutions, simplifying the process of meeting the evolving needs of consumers both now and in the future.

OUR CERTIFICATIONS





VISION

PACKAGING YOUR FUTURE



MISSION STATEMENT

TO BE THE PREMIER
PACKAGING
COMPANY OF PAKISTAN

INNOVATE
RELENTLESSLY

PURSUE STRATEGIC
COLLABORATIONS

NURTURE HIGH
PERFORMANCE TEAMS

SUPPORT OUR
COMMUNITIES

MAINTAIN WORLD CLASS
QUALITY STANDARDS

UPHOLD THE TRUST OF
STAKEHOLDERS

PROVIDE UNRIVALLED
SERVICES TO OUR
CUSTOMERS

REDUCE
CARBON FOOTPRINT





OUR VALUES



RESPECT
is our way of life



QUALITY
is our legacy



FAIRNESS
is our way of work



OWNERSHIP
is our way to
success

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.

Our values provide the foundation of our culture and bind us into a world class team yearning to outperform the competition.



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



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

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

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

CODE OF CONDUCT



This Code of Conduct of the Company is based on the principles of, including but not limited to, Personal Conduct, Conduct in business dealing, Integrity, & Honesty.

Scope

This Code of Conduct is applicable to Directors, Senior Management and all regular and direct contract staff in the Company and its locations.

Compliance with the Law and Reporting of Violations

We firmly believe in good corporate governance and in providing 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) who will report to the Chief Executive / Chief Operating Officer and/or as provided under the Whistle Blowing Policy of the Company.

The observance of the laws and regulations of the legal systems in which we operate, along with policies of the Company, is mandatory for all employees in all their dealings, be it with customers, suppliers, competitors, other employees, government bodies or others.

Competition and Anti-trust Law

We obligate employees to strict compliance with Competition and Anti-trust Laws wherever the Company operates.

Bribery and Corruption

We are committed to conducting our business in an open, honest and ethical manner in all the jurisdictions in which we operate and will not allow its employees to engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

It is our 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 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 the Company. We fulfill all applicable legal obligations with regard to public filings and reporting.

Ensure 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, unless it is public knowledge at the time of disclosure or the disclosure is required by law.

Protection and Information Security

We have 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 are strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all times.

Handling and Safeguarding of the Company's Property

Employees must handle the Company's assets, property, proprietary information and intellectual rights for business purposes and not for personal benefits or gains and to make utmost efforts for the protection and efficient use of the Company's assets.

Equal Treatment and Fair Working Conditions

We are 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.

Social and Corporate Governance

We are committed to maintaining ethical leadership, advocating best practices, establishing comprehensive policies, implementing robust internal controls and engaging with shareholders and other stakeholders in a transparent and a fair manner.

We encourage employees to participate in philanthropic activities, including contributing to charities of their choice.

Personal Conduct and Legal Duties

We encourage employees to improve competence and skills in their respective roles through continuing professional education, exercising due diligence, objectivity and sound judgement while performing their duties.

We also encourage employees to exhibit a high standard of personal conduct both inside and outside the Company.

Insider Trading

The employees of the Company may not partake in practices like insider trading, concealment of facts, misusing of privileged information and must ensure compliance with all relevant laws and Company policies.

Diversity and Inclusion

We are committed to promoting a diverse and inclusive staff composition and providing equal opportunities to all employees for employment in the Company irrespective of their culture, race, gender, caste, and religion. We do not tolerate intimidation and harassment in the workplace.

External Activities and Public Comments

We do not permit employees to undertake external activities during the working hours or at the expense of their duties and commitments to the Company.

Health, Safety and Environmental Protection

We are committed to complying with environmental laws and will strive to use eco-friendly technologies and practices to minimize our environmental footprint wherever reasonably possible. This includes making efficient use of natural resources and aiming to minimize the environmental impact of our activities and products.

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 focus on customer satisfaction, employee well-being, ethical business conduct, community engagement and collaboration with government and regulatory authorities.

Avoiding Conflicts of Interest

Employees may not engage in any activities, on or off the job that conflict with the Company's business interests, nor they may use their position with the Company for their personal gain or for the improper benefit of others. As a policy, conflicts of interest must be reported to Management.

GROUP STRUCTURE

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



Mirpurkhas Sugar Mills Ltd
 Manufacturer and seller of Sugar and corrugated Paper

Established in 1964, its principal activity is manufacturing and selling of sugar and paper. 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 cane 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 farms.

In order to further diversify its operations, the Company has setup a Paper and Board Project with the installed capacity 250 tons per day (TPD) at its existing location. The plant successfully started commercial production from May 2023 and is selling its products to leading corrugators of Pakistan.



Cherat Cement Company Ltd
 Manufacturer of Ordinary Portland Cement and composite Cement

Incorporated in 1981, the Company specializes in manufacturing, marketing, and selling cement under the brand names 'Cherat' and 'Cherat Khyber.' As a pioneer in Pakistan's cement industry, it holds the top position in its region with an annual installed capacity of 4.5 million tons. The plant, located in Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK), is strategically positioned to serve both the local market and export cement to Afghanistan. Listed on the Pakistan Stock Exchange and ISO 9001 and 14001 certified, the Company has received numerous prestigious awards, including the SAFA Award, Business Excellence in Export, PSX Top Companies Award, MAP's Best Company Award, and Best Corporate and Sustainability Report Award. To stay ahead in technology and strengthen operations, the Company has upgraded its SAP ECC system to S/4 HANA and implemented the HR Success Factor module.

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**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

Greaves Airconditioning (Private) Limited Equipment Suppliers and HVAC Solution Provider Commenced operations in 1975, this is the only HVAC Company in Pakistan which is providing the complete one window HVAC solution to its customer including designing, supply, installation and maintenance of complete HVAC products range. Greaves Airconditioning is the sole distributor of Jhonson Controls International (York) products in Pakistan.

Greaves CNG (Pvt.) Ltd

Retail Sales of CNG to end consumers

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

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

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

Unicol Ltd

Unicol was incorporated in 2003 as a Public Unlisted Company as a joint venture with equal shareholdings 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. Unicol is engaged in the production and marketing of the industrial ethanol, sugar and Liquid CO₂. Unicol produces various grades of ethanol being produced from molasses including super fine ENA Anhydrous (99.9%), ENA (>96%), and B Grade (>92%). Unicol also produces refined sugar and also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO₂).

Unicol has an installed ethanol production capacity of 56,000 MT per annum while sugar division has a cane crushing capacity of 8,000 TCD and LCO₂ installed production capacity of 18,000 MT per annum.

Unicol exports its complete production of ethanol to various regions across the globe whereas Sugar and LCO₂ are sold locally.

Unicol is the proud recipient of the FPCCI Best Export Performance Award for 2022-23.



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

Mr. Asim H. Akhund

Head of Internal Audit

Mr. Amir 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)

Askari Bank Ltd
Bank Alfalah Ltd
Bank Al Habib Ltd
Bankislami Pakistan Ltd
Dubai Islamic Bank Pakistan Ltd
Faysal Bank Ltd
MCB Islamic Bank Ltd

Meezan Bank Ltd
The Bank of Khyber

Share Registrar

CDC Share Registrar Services Limited.

CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400

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Email: info@cdcsrsl.com

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Fax: (+9221) 35683425

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Jinnah Avenue, Blue Area
Tel: (+9251) 2344531-33
Fax: (+9251) 2344534, 2344550



JOURNEY AT A GLANCE

1992

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

1998

Acquired ISO 9001 QMS Certificate.

2006

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

2012

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

2014

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

1996

Installed 2nd Bottomer to the production line.

2003

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

2009

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

2013

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



2017

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

2019

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

2022

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

Established LCs for 2nd Rotogravure printer and allied equipment.

2024

Commissioning of 2nd Flexographic printer having capacity of 3.6 million Kgs 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.

2023

Commissioning of 2nd Rotogravure printer having capacity of 3.6 million Kgs per annum.



HALL OF FAME

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. Pakistan Stock Exchange also recognized the Company's outstanding performance and awarded it with the Top Companies Award for the years 2016, 2020 and 2022.

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.

Corporate Social Responsibility Award

Cherat Packaging participated in the 15th and 16th annual international summits on Corporate Social Responsibility (CSR) organized by the National Forum for Environment and Health (NFEH) in 2023 and 2024, respectively. The Company was honored with the Corporate Social Responsibility Award in the "Best Practices" category in both years. Further in the year 2024 the Company was also awarded with Green Energy Initiatives.

NFEH is affiliated with the United Nations Environmental Program (UNEP) and aims to facilitate, promote, and create awareness about environment, healthcare, and education among the masses in general and industries, corporate sectors, youth, and children in particular.

Corporate Excellence Award

Management Association of Pakistan (MAP) recognizes and honors Companies showing outstanding performance and demonstrating progress and enlightened management practices. MAP conducts a financial evaluation followed by management practices appraisals, based on which it rewards the best managed companies in Pakistan by instituting the Corporate Excellence Awards. As Cherat Packaging Limited believes in transparent reporting and information symmetry, it nurtures the culture of adopting best management practices generally applied by the business community.

As a result, the company's outstanding performance was also recognized by the Management Association of Pakistan on account of Best Management practices. The Company was awarded Corporate Excellence Certificates and Awards in "Paper and Board" category for the years 2015 through 2019.

Best Corporate Reporting Award ICAP & ICMAP

The Best Corporate Report Awards are organized annually by a joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). These awards are based on the evaluation criteria which is focused to promote integrated thinking within the organization, inspired by the "Content Elements" of the International Integrated Reporting Framework. The Awards aim to recognize excellence in corporate reporting and to promote accountability, governance and transparency by companies through the publication of timely, informative, factual and reader friendly information and disclosures.

Cherat Packaging participated in these prestigious awards for the financial years 2014 to 2022 and secured 1st position in "Others Category" for all nine years. Additionally, the Company's Annual Reports 2017, 2021 and 2022 also secured overall 1st position, 3rd and 2nd position nationwide, respectively.

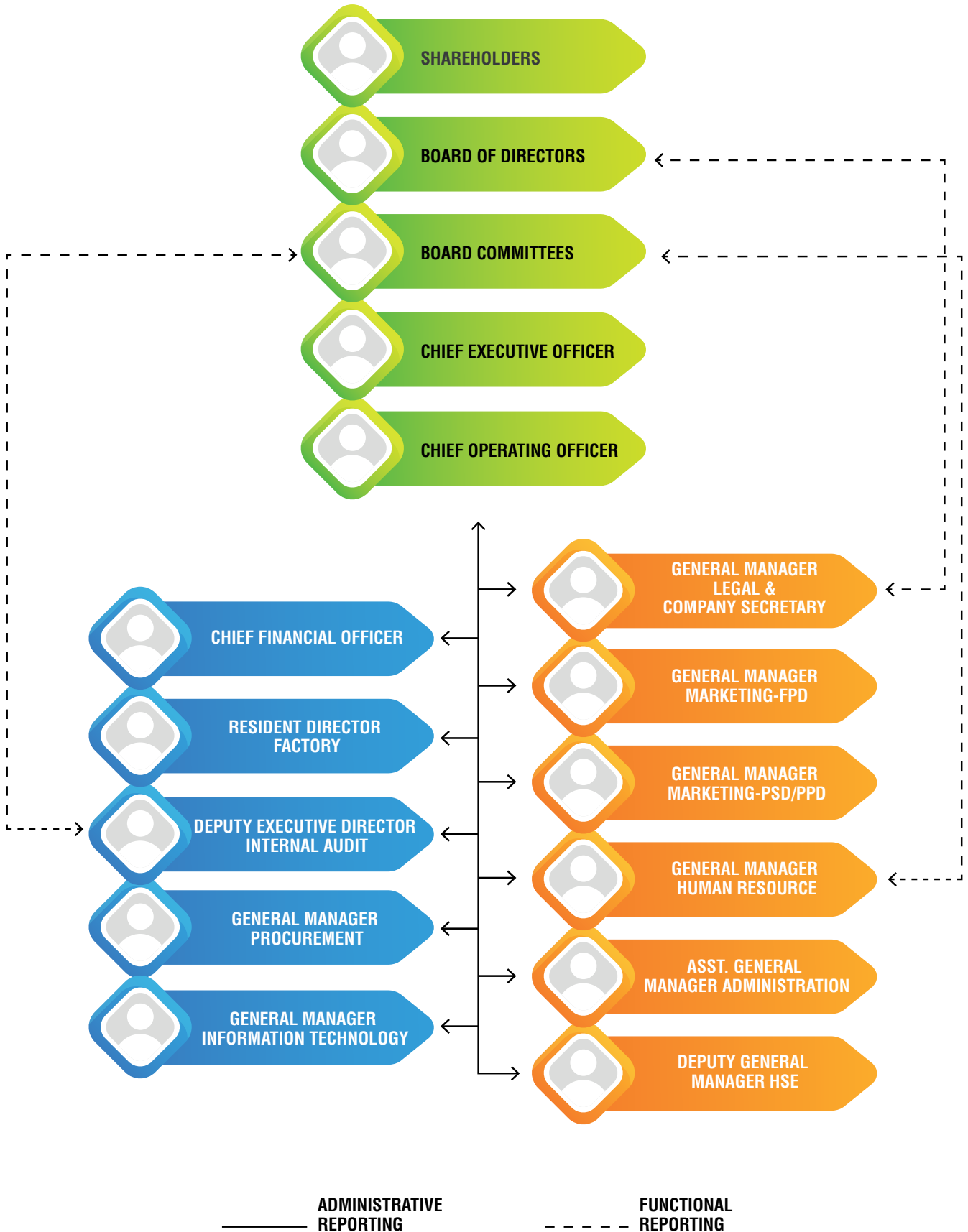
South Asian Federation of Accountants (SAFA) Award

The SAFA Committee for Improvement in Transparency, Accountability & Governance (ITAG) annually announces the SAFA Best Presented Annual Report. These Awards are adjudged on the basis of evaluation of the annual reports of nominations received from the South Asian countries in accordance with the pre-defined SAFA evaluation criteria. The SAFA Best Presented Annual Report Award is considered the most prestigious accolade for financial reporting in the entire South Asian region.

In acknowledgment of its transparency in accounting practices and its outstanding achievement in presenting and disclosing high-quality, relevant, reliable, and objective financial statements in accordance with the international framework, Cherat Packaging Limited was honored with a joint bronze award in "Manufacturing sector" category of these awards held in Nepal in December 2022 for its Annual Report 2021.

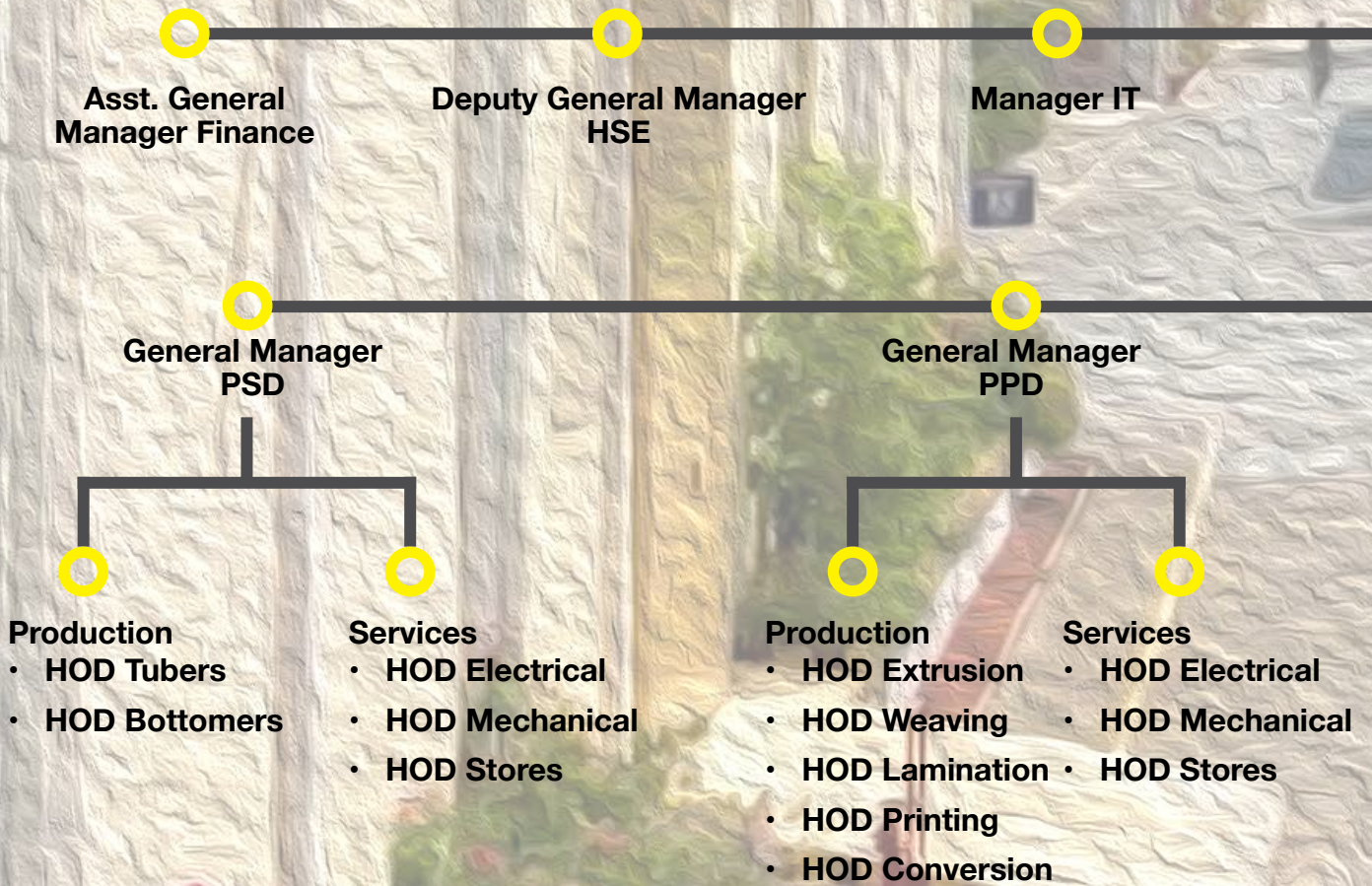


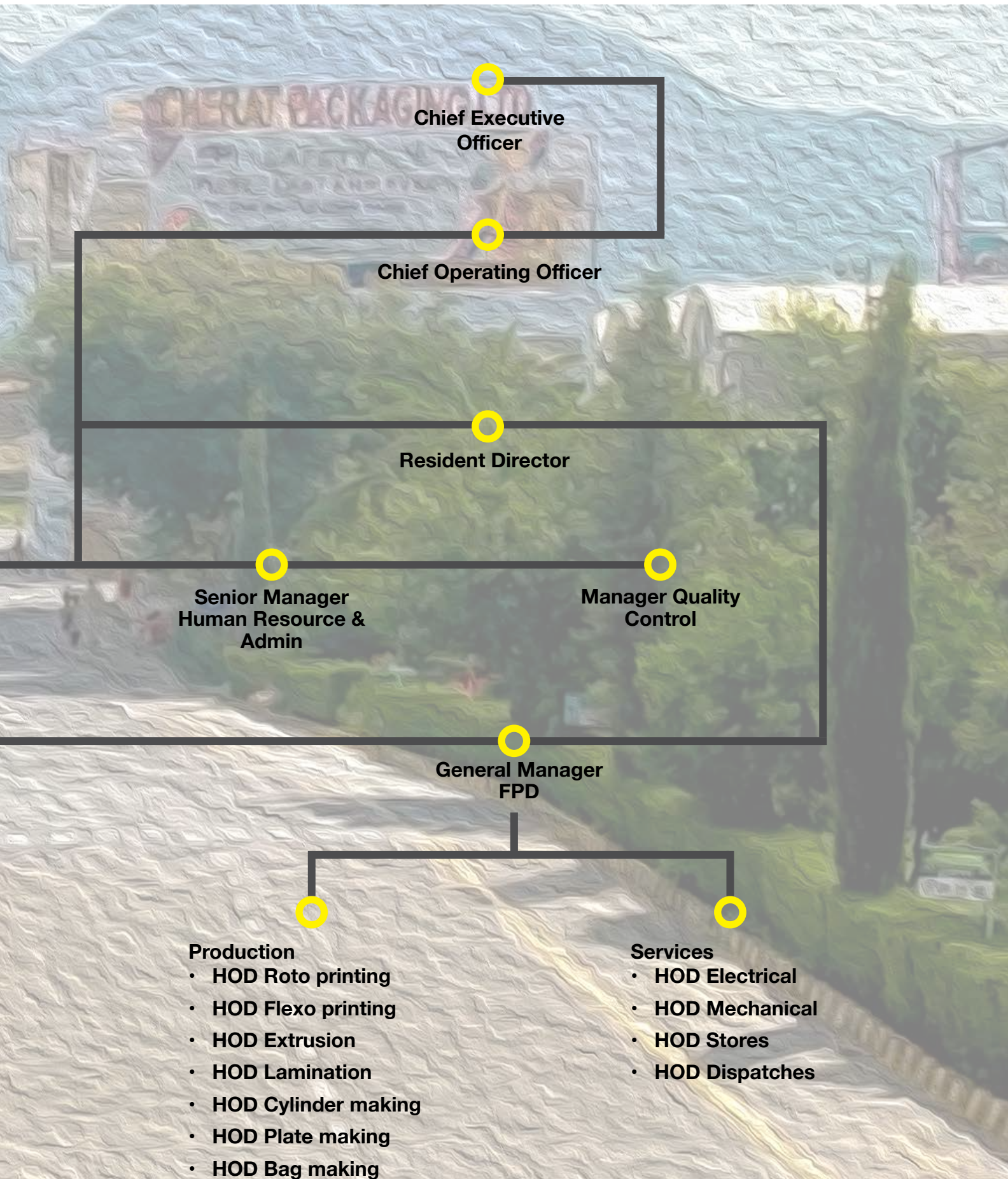
ORGANIZATIONAL STRUCTURE



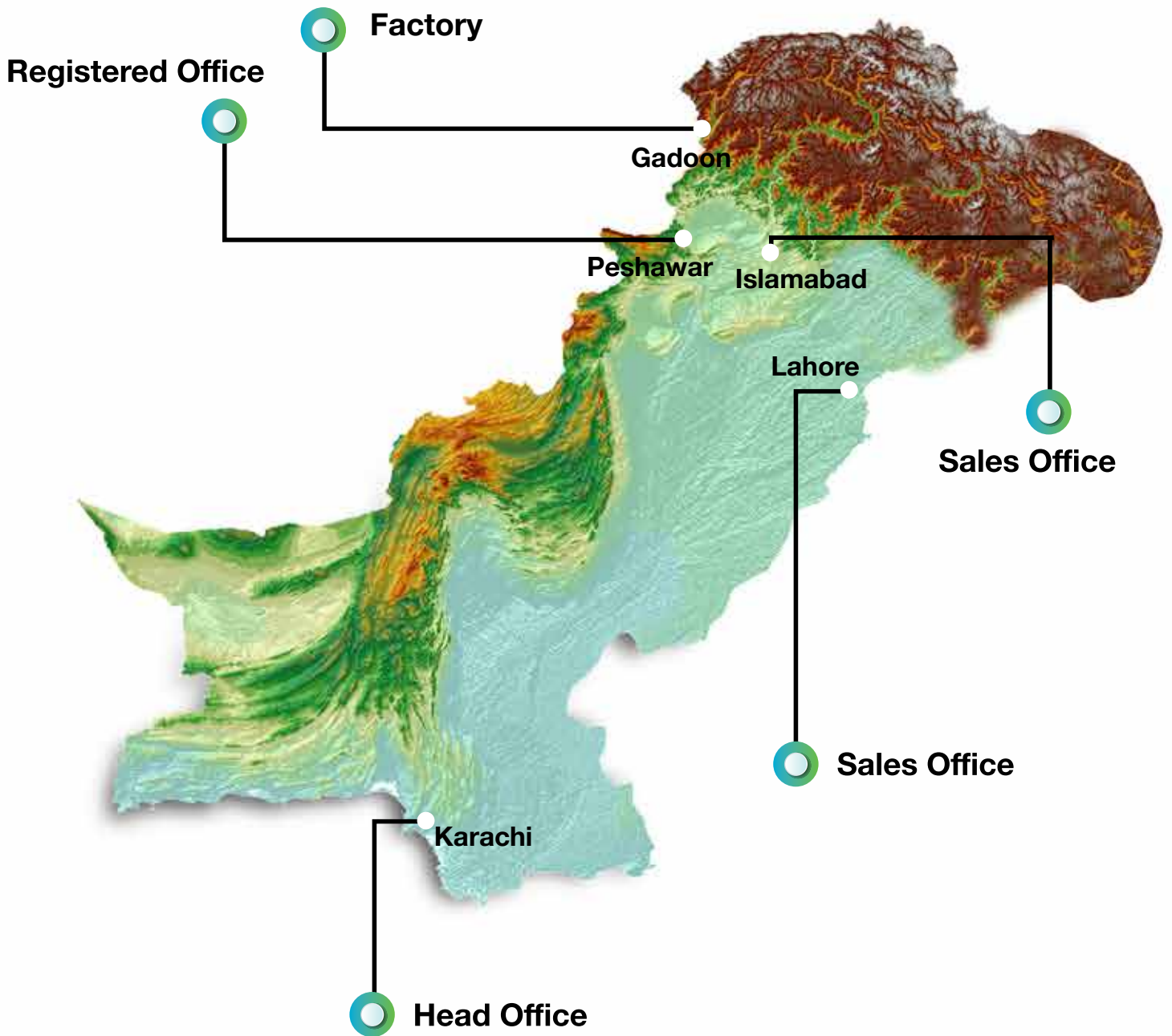


FACTORY SITE ORGANIZATIONAL STRUCTURE





LOCAL PRESENCE



INTERNATIONAL PRESENCE

Europe

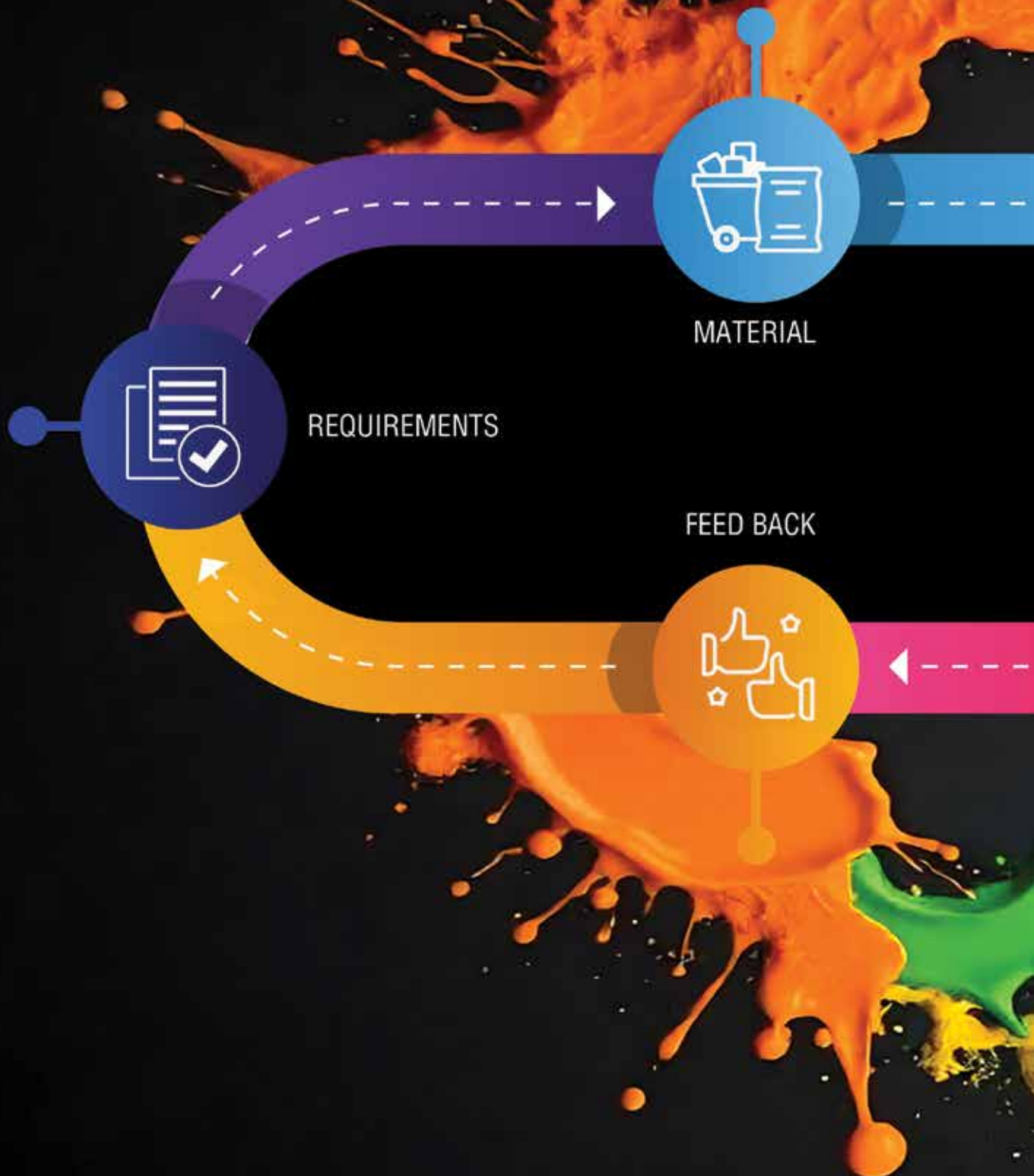
Asia

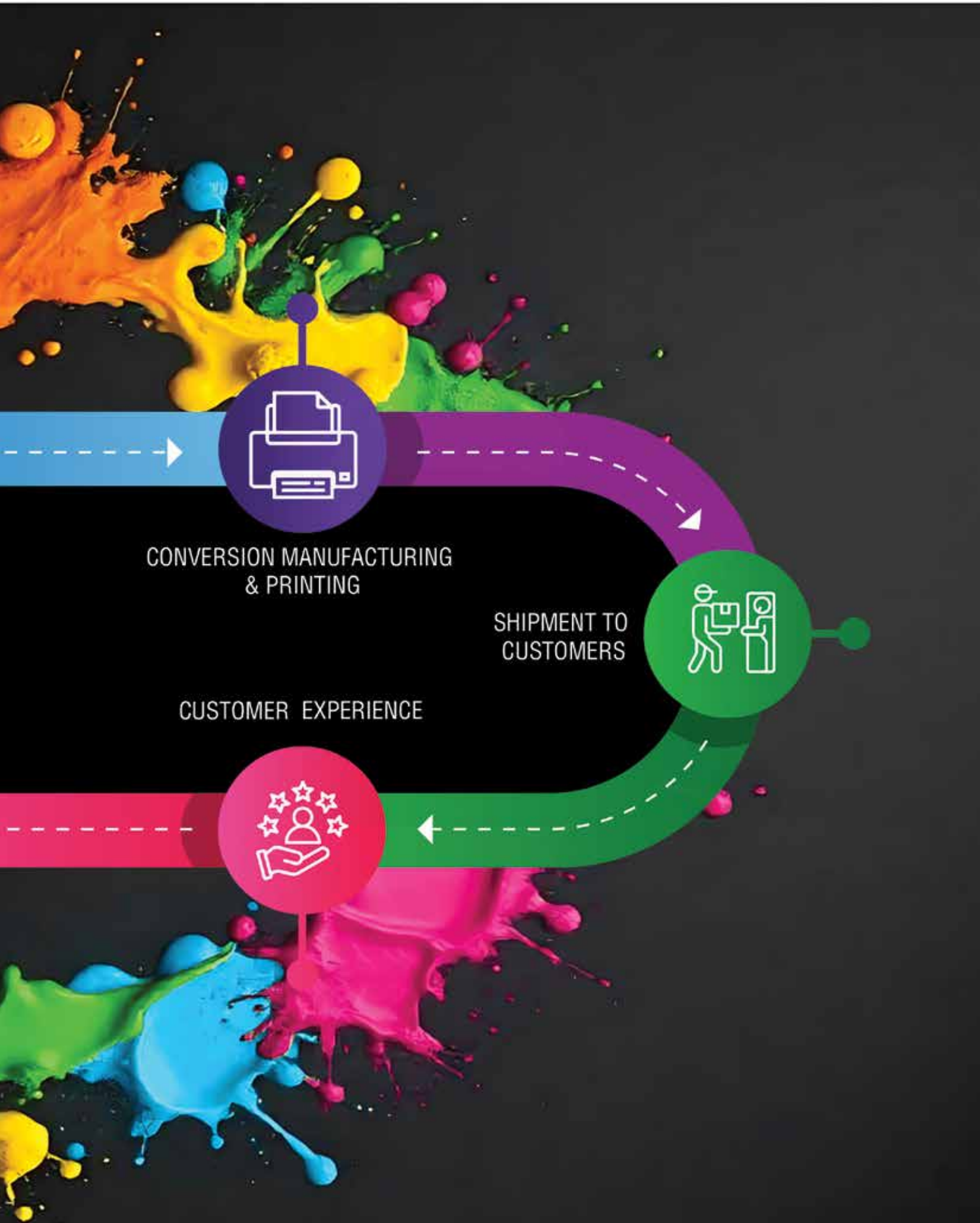
Africa



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.





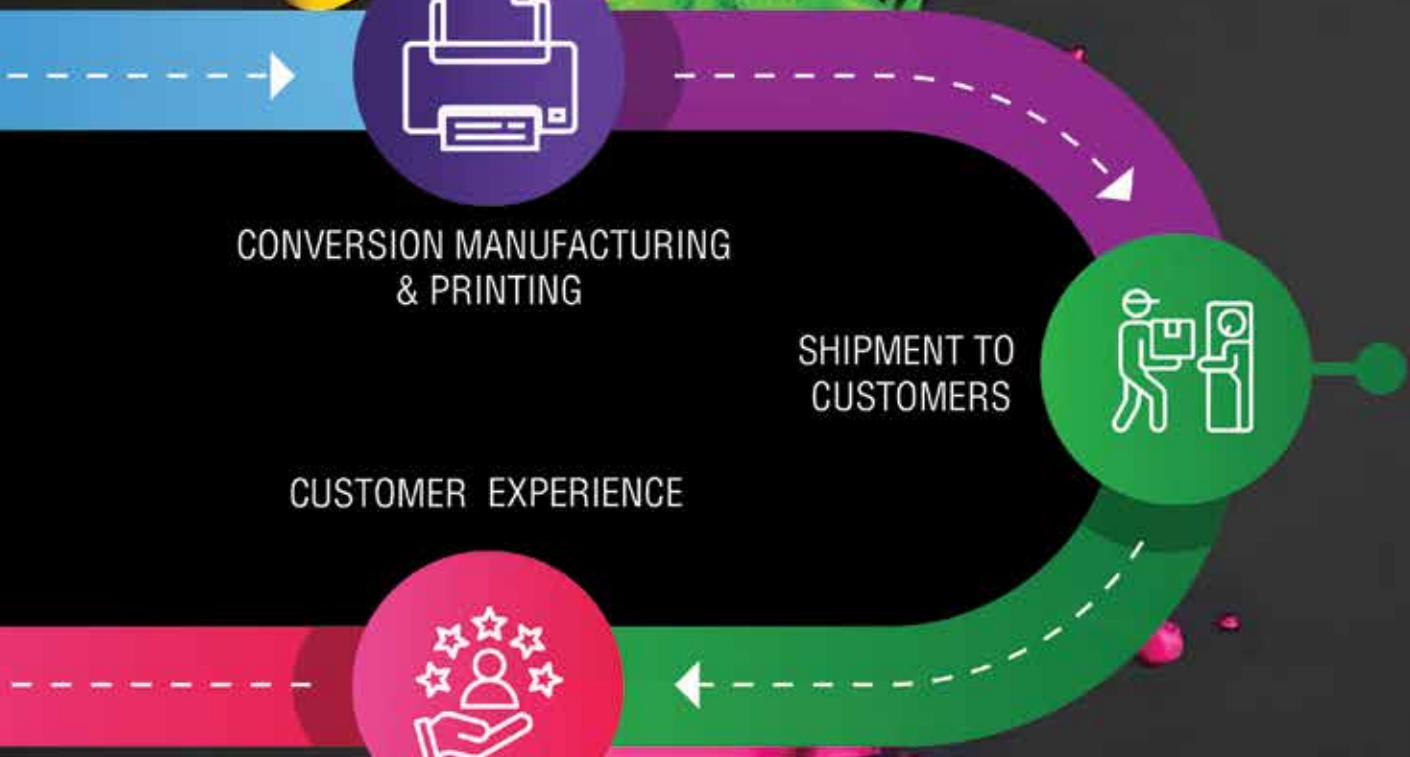
CONVERSION MANUFACTURING & PRINTING



SHIPMENT TO CUSTOMERS






CUSTOMER EXPERIENCE



SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

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

Factor	P POLITICAL	E ECONOMIC	S SOCIAL
Description	Political factors determine the extent to which a government may influence the economy or a certain industry. Political uncertainty trembles the business environment.	Economic factors refer to the financial state of the country. A strong economy invigorates business and vice versa.	Social responsibility of a company cannot be ignored. The Company must play its role in betterment of society in which it operates. Health issues, education problems are among the social problems.
Significant change from last year	<ul style="list-style-type: none"> - Political uncertainties. - Rifts among political parties. - Interim Political Setup - Protests on food inflation, taxes and power costs 	<ul style="list-style-type: none"> - Increased inflation. - High discount rates. - Exorbitant exchange rates. - Depleting foreign exchange reserves. - High Electricity & Power costs 	<ul style="list-style-type: none"> - Continuous improvement in HSE department. - Natural catastrophe causing public unrest. - Increased awareness and expectations of society.
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. As a responsible person, the company join hands with other welfare institutions & Govt in provision of food & rations in far flung areas to flood affectees and distribution of food to the less privileged people in the month of Ramadan.

Factor	 TECHNOLOGICAL	 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	<ul style="list-style-type: none"> - Fine tuning of Flexible Packaging machinery for product innovation. - Up-gradation of network and security measures. - Disposal of KP lines I, II, V - Addition of flexo printer. 	<ul style="list-style-type: none"> - Companies Act, 2017. - Income Tax Ordinance. - Sales Tax Act. - SECP Acts, Rules and Regulations. - Code of Corporate Governance. - IFRS Amendments. - Labor and Environmental Laws & regulations 	<ul style="list-style-type: none"> - Implementation of EMS ISO 14001:2015. - Inclusion of Renewable energy including solar and hydel power.
Organization's response	<p>The Company is equipped with latest technology to face the challenges of dynamic environment. Product innovation is inevitable to meet the ever changing customer demands. Therefore technological up keep of machinery is preordained. 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 last year implemented SAP s/4HANA. The Company acquired technical softwares & hardware technologies which helped in identification and analysing of customer products unique requirements and to deliver the best possible.</p> <p>The Company has disposed of its KP lines I, II and V during the year. The lines were disposed of due to decline in demand of paper sack. This not only had a positive impact on company's other income but also helped in reducing bank borrowings.</p>	<p>The Company abides by all the laws enacted by Government. The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable to the Company.</p>	<p>The Company has always strived to work for the betterment of the environment. The Company has worked with an international agency on environment. The Company is fully compliant of NEQS standards.</p> <p>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 [Pure Hydro Energy] 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 which have significant positive impact on environment. This helps Company to consume green energy, adding value to environment and also contribution to cost savings.</p> <p>To reduce environmental footprint and carbon reduction, the Company has kept its waste and carbon emission to the lowest possible level. The levels are monitored on regular basis.</p>

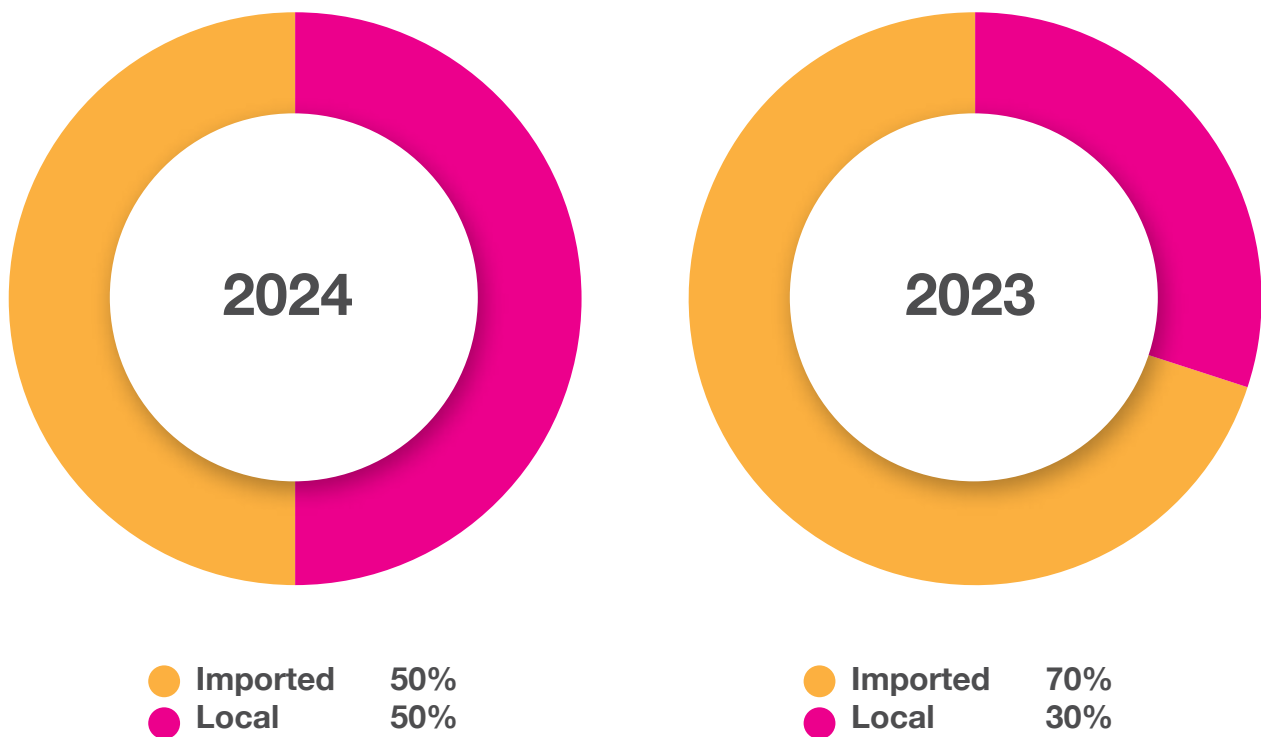
COMPOSITION OF LOCAL AND IMPORTED MATERIAL AND SENSITIVITY ANALYSIS DUE TO EXCHANGE FLUCTUATION

Cherat Packaging Limited is the leading company in Pakistan producing Kraft paper, Polypropylene bags and Flexible Packaging material. The Company mainly imports its raw materials for Kraft paper, Polypropylene bags and PE films however, some materials 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. 564.20 million on profit before tax of the Company.

RAW MATERIAL COMPOSITION



SIGNIFICANT CHANGE FROM PRIOR YEAR

This year, the Company showed growth in terms of volume and sale price in FPD. However, volumes declined in BMD in comparison with last year due to change in the demand patterns, general slow down in cement dispatches in the country and greater competition. Moreover, Increase in cost of various input items due to inflation had a negative impact on production cost.

During the year, the Company installed Flexo Printer II which enhanced production capacity by 3,600 tons per annum and sold kraft paper lines I, II & V having the combined capacity of 240 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.

Cherat Packaging is one of the largest producer 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 35 years. The Company is focusing on expanding its market share and 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 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 Kraft paper 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. 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. In response to the increase demand for flexible packaging material, the company installed 2nd Roto line last year and 2nd Flexo printer this year.

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 KP 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 Engro Eximp FZE 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 420 million bags and 19.8 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 one of the top 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 RESOURCES 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 time-to-time to enhance decision making. Viewing the capabilities of SAP S/4HANA, the Company successfully migrated to SAP S/4HANA, further, it has also implemented SAP Success Factor.

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.



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

50	Strategic Objectives
52	Resource Allocation Plan
54	Liquidity Strategy
54	Significant Plans and Decision
54	Significant Change in Objectives and Strategies
54	Political environment where the organization operates and other companies that may affect the ability of the organization to meet its strategy
54	Legitimate needs, interest of key stakeholders, industry trends and legislative & regulatory environment
55	The Effect of Technological Change, Societal Issues, Environmental Challenges
57	Specific Processes Used to Make Strategic Decisions
58	SWOT Analysis

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.

Linkage with Companies Overall Vision, Mission and Objectives

The company's strategic objectives are closely aligned with its vision, mission, and overall goals. The vision, "Packaging your future," articulates the company's aspirations for the future. Strategic objectives act as milestones, outlining the necessary steps to achieve this vision. By linking to the vision, these objectives create a roadmap that turns long-term aspirations into actionable plans.

The mission defines the fundamental purpose of the company. By aligning with this mission, the strategic objectives ensure that the company's actions and decisions consistently reflect its core purpose.

Overall objectives are broad goals that the company seeks to achieve. Strategic objectives break these down into specific, time-bound targets that can be pursued and measured. This alignment ensures that all organizational efforts are focused on the same overarching goals, fostering synergy and coordinated efforts across departments.

Together, these strategic objectives guide the company in fulfilling its mission and realizing its vision, promoting sustainable growth, operational excellence, and a positive impact on society and the environment for long-term success.

To accomplish this, the company has established specific strategic objectives. The same are specified below:

Short, Medium and Long-term Objectives

Our short-term objective is to enhance operational efficiency through continuous improvements, cost reduction, and worker training. Additionally, we plan to commission a Carrier/SOS bags unit by March 2025. In medium term, we intend to grow through expansion of our core business by investing in state-of-the-art machinery, enhancing customer management, and developing new and upgraded products. Building on these short and medium-term goals, our long-term vision is to achieve business excellence and diversify our operations through a related diversification strategy.

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

The Company has exponentially grown over the years. With diversification into Flexible Packaging Division, CPL is now amongst the few companies to offer varied types of packing solutions, making it the supplier of choice. It facilitates its customers in purchasing 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. Our strategy focuses on setting clear, data-driven objectives and allocating resources effectively to meet those goals. Through regular and rigorous analysis of market trends and performance metrics, we continuously refine our strategies. By staying vigilant and adaptable to emerging market dynamics, we aim to drive sustained growth and secure a strong competitive advantage.

Cost Management

Aiming at cost reduction coupled with environment concerns, CPL secured a supply of hydro power, which lowered the production costs for BMD, resulting in substantial savings. Additionally, the installation of solar power at FPD reduced production expenses of FPD. The use of state-of-the-art machinery has also been crucial in managing costs effectively and conserving energy. The company maintains strict cost controls and efficient management practices to ensure expenses remain within acceptable limits. These controls are overseen by a robust reporting structure and an active internal audit department, which independently submits recommendations for improvements to the Board's Audit Committee. The management team implements suggested improvements and corrective actions as needed.

The Company prioritizes creating shareholder value by maximizing returns on investment and ensuring customer satisfaction through the delivery of world-class products. We aim to ensure the company's long-term sustainability by grooming and training our employees, while creating a supportive work environment that motivates them to perform at the highest standards.

We remain committed to upholding the highest ethical and moral standards in business operations and adheres to the best management principles.

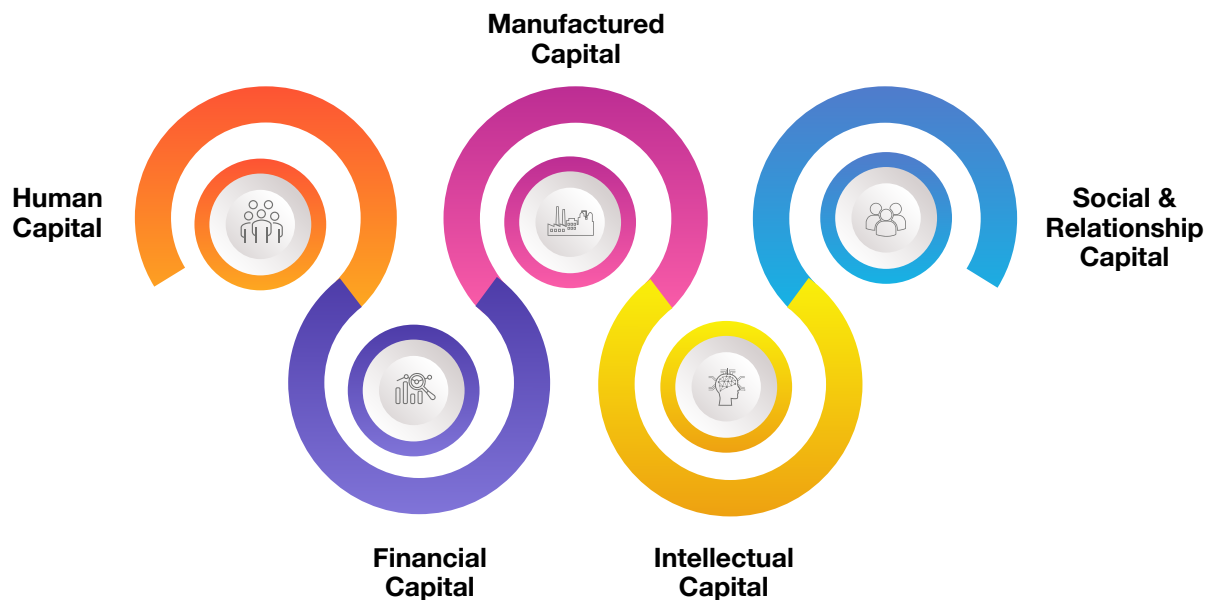
Product, Service and Market development

The Company continually invests in new product development to adapt to changing market trends and consumer behavior. In collaboration with strategic partners, the Company gains valuable insights into technological advancements and emerging packaging trends, enabling it to provide high-quality, innovative products. Further, the Company always strives to improve its customer services and provide customer maximum support beyond customer supplier relationship.

As one of the largest producers in cement packaging and flexible packaging industry, the Company has accumulated over 35 years of experience. It aims to expand its market share, particularly in the FMCG packaging sector. The Company actively targets both local and international markets to maximize capacity and enhance returns for shareholders, achieving economies of scale in the process.

Further, to meet increasing demand for SOS / Carrier bags, the Company plans to establish a carrier/SOS bag unit at an estimated cost of Rs. 435 million by March 2025. This new product category will help the Company access new markets and optimize resource utilization.

RESOURCE ALLOCATION PLAN



Our Strategy

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

Human Capital

Cherat Packaging Limited is committed to optimizing human potential. For this purpose, the Company conducted various workshops and seminars, both in-house and outsourced, to enhance its human capital potential. 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 actively exploring new areas of potential and working to increase production and expand 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. 2.68 billion and short-term loan of Rs. 0.12 billion. 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 consistently invests on development of new products in response to evolving market trends and consumption patterns. To achieve this objective, our factory is equipped with a state-of-the-art laboratory that continuously monitors product quality and rigorously tests new innovations to ensure its quality surpasses the Company's standards.

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. To foster these connections, we invest in initiatives that promote collaboration and ongoing dialogue with our customers and vendors. Additionally, we contribute to the sustainable growth of our communities by providing employment opportunities for both skilled and unskilled local workers.



LIQUIDITY STRATEGY

Current Liquidity Position

Cherat Packaging Limited has consistently demonstrated a strong commitment to meeting its financial obligations promptly, consistently meeting all payment deadlines. The Company has financing arrangements with all leading banks of Pakistan at competitive rates amounting to Rs. 9.35 billion. The Company diligently oversees its accounts receivable and keeps outstanding days in-line with industry norms. Additionally, the Company reviews its bank position on daily basis to ensure its liquidity.

At present, the Company has short-term borrowings of Rs. 122 million and a long-term loan of Rs. 2,681 million. The short-term borrowings have decreased by Rs. 2,664 million compared to the previous year's closing balance. This reduction is attributed to rationalization of stock in line with change in demand patterns, proceeds from the disposal of assets classified as held for sale, and timely recoveries from customers. The Company is experiencing sustainable growth and is actively exploring new opportunities to increase production and expand market share.

The gearing of the Company is carefully monitored and controlled in line with the business objectives. The Company maintains strong liquidity, evidenced by a current ratio of 2.68. We have held decent credit ratings of 'A' in long-term and 'A1' in short-term since 2019, reflecting our robust liquidity position. Positive cash flows from operations were achieved this year, with cash generated from operating activities increasing by Rs. 1,398 million compared to last year, primarily due to stock rationalization in line with change in demand patterns and prompt customer recoveries. Cash flows are monitored daily, and an adequate debt-to-equity ratio is maintained to avoid 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. The Company has obtained long term loans to finance expansion projects at attractive markup rates. These long-term loans include Temporary Economic Refinance Facility (TERF) as announced by the Government of Pakistan and Islamic Finance Facility for Renewable Energy which carry mark-up / profit rate at reduced rates.

SIGNIFICANT PLANS AND DECISIONS

In response to growing demand, the Company has decided to establish a carrier/SOS bag unit at an estimated cost of Rs. 435 million. This project will be financed through a long-term loan and is expected to be completed by March 2025. The addition of this new product category will allow the Company to effectively tap new markets for packaging materials and optimize the utilization of its available resources.

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

The economic and financial conditions in the country have started to show steady improvement, attributed to prudent policy management and the successful conclusion of the IMF Stand-by Agreement program. These developments have positively impacted the country's overall economic sentiment. Although modest, economic growth is projected to continue in the upcoming year and beyond.

The packaging sector has experienced challenges due to a general slowdown in business activities. The Company has faced several challenges, including inflationary pressures, increased taxation, higher interest rates, and an uncertain demand outlook. Amid these rapidly evolving industry dynamics, the Company has effectively managed these challenges through timely and strategic decision-making.

The Company primarily sources its imported raw materials from the Middle East. Granules are linked with petroleum prices hence volatile prices of crude oil will keep granule prices unstable. To mitigate this, the management diligently monitors price movements through relevant published indexes and predictive analysis, ensuring the Company remains proactive and well-positioned in the market.

LEGITIMATE NEEDS, INTEREST OF KEY STAKEHOLDERS, INDUSTRY TRENDS AND LEGISLATIVE & REGULATORY ENVIRONMENT

The Company firmly believes and affirms that its adherence to all the statutory legal requirements is in line with the relevant and applicable provisions of law and regulatory framework. The consistent application of all relevant and applicable legal and regulatory requirements serves as an ongoing enhancement to 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.

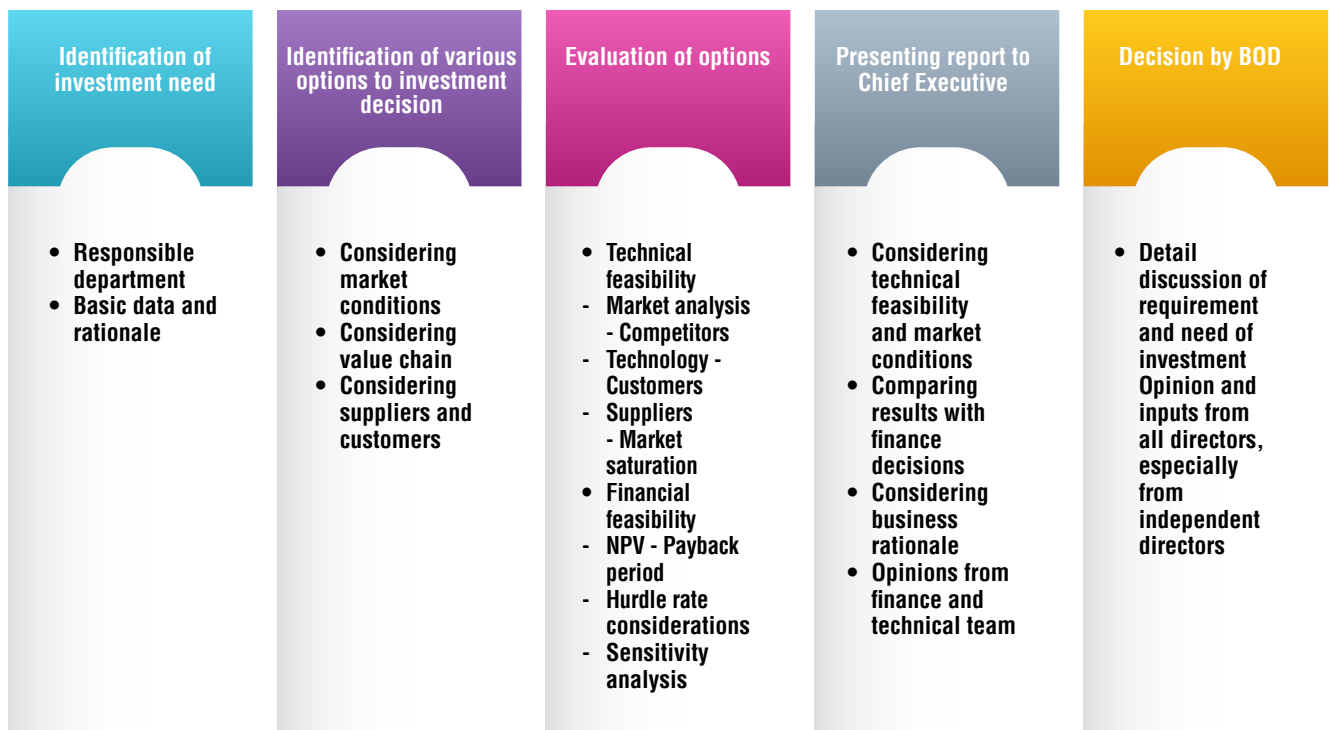
Material Challenges	Technological Change	Societal Issues	Environmental Challenges	Governance Reporting
Dimension(s) of the challenge	Rapidly Changing technological landscape	Population and demographic changes, human rights, health, education, poverty, Income disparity, political instability	Climate change & loss of ecosystem, resource shortages	Compliance with legal and ethical requirement
Impact on strategy	Investment in plant and machinery including infrastructure and skilled labor	<ul style="list-style-type: none"> - Employment of local population; - Respect local values; - Provide congenial working environment; - Donate for education cause and elevate poverty - High expectations due to unstable & uncertain economic situation of the Country 	<ul style="list-style-type: none"> - Consider carbon footprint; - Sourcing raw material from socially responsible companies - Investment in renewable energy source and constant evaluation of production processes 	<ul style="list-style-type: none"> - Ensuring governance reporting complies with all regulatory requirements. - Making sure that governance reporting is integrated into overall strategic planning and sustainability goals.
Our response	<p>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.</p> <p>The Company also went for the acquisition of advance softwares and necessary hardwares which helps the Company to identify and analyse customer requirements with more accuracy & precision resulted in more satisfied customer base.</p> <p>To be a leader, the company decides on strategic alignment of its activities by investment in new venues and also considered disinvestment from business activities & lines which are not compatible with the changing requirements posed by technological advancement and change in demand patterns.</p>	<p>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 in environment with special focus on health and safety of workers. Cherat Packaging maintains an ambulance for its workers and community at large.</p> <p>Cherat Packaging has been active in donating for various education and poverty elevation causes.</p> <p>CPL participates and helps the under privileged people by distribution of foods and rations and also facilitates the nation at times of catastrophe/natural calamities.</p> <p>The Company has always considered itself an integral part of society and actively seeks to support local communities by providing financial benefits that go beyond the minimum legal requirements.</p>	<p>Cherat Packaging considers environment an important aspect of the business. The Company is compliant of EMS to keep its environmental impact in check. Cherat Packaging sources its major raw material from renowned and socially responsible suppliers like SABIC.</p> <p>The Company keeps its hazardous emissions within limits by acquisition of state of the art plant & machinery and also disposes off solid waste through EPA approved suppliers. The Company also promote usage of green energy through utilization of Solar & Hydel power.</p> <p>To mitigate its environmental impact, the Company has invested in state-of-the-art machinery with minimal emissions and reduced process waste. Additionally, we have implemented waste recycling initiatives for alternative uses rather than discharging them into the environment.</p>	<p>The Company always encourages a culture of transparency, ethical behavior and accountability throughout the organization. It is committed to uphold transparent and strong governance practices. This commitment has been recognized by prestigious institutions such as the Management Association of Pakistan and Pakistan Stock Exchange, which have honored the company with Corporate Excellence award and Top Companies award, respectively. Additionally, the company's active participation in the Best Corporate Report awards and subsequently winning of awards underline its unwavering dedication to prioritizing sound governance reporting.</p> <p>Moreover, the Company strives to comply with applicable regulations 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), URSA (Understanding Responsible Sourcing Audit) and Halal certified. This shows company's adherence to these standards and commitment towards transparency and ethical behavior.</p> <p>Furthermore, the organization's stringent IT governance policies and procedures play a pivotal role in ensuring data accuracy, reliability, and security.</p>



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 420 million bags capacity in BMD and 19.8 million KGs capacity in FPD.
- **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 SABIC and Windmüller & Hölscher). This provides a strategic edge to the Company over its competitors in shape of preferred supply and first-hand knowledge of technological advancements.
- **One of the largest producer in Cement Packaging industry**
Cherat Packaging is known as a company it is one of the largest producer in the cement packaging industry.
- **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.



WEAKNESS

- **IMPORTED RAW MATERIALS**
Cherat Packaging is dependent on consistent supply of imported raw materials. Around 50% of the raw materials represent imported raw materials.





OPPORTUNITIES

- 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, 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. 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 and Volatile Exchange Rates

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.

- New Entrants

New competitors are entering into cement packaging business viewing high growth of cement sector. Since Cherat Packaging is one of 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

62 Risks and Opportunities

66 Comprehensive Framework: Addressing Key Risks, Methodology, Risk Appetite And Reporting

68 Risk Of Supply Chain Disruption Due To An Environmental, Social Or Governance Incident And Company's Strategy For Monitoring And Mitigating These Risks

70 Materiality Approach

70 Initiatives taken to promote and enable innovation

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.
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.

Risk Level/ Impact	Risk	Area of Impact	Source	Key Source of Uncertainty	Mitigating Strategy
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. 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.	<p>The Company values its workers and employees as essential capital. Therefore, it provides a congenial environment and growth opportunities.</p> <p>Furthermore, the Company has a robust succession plan in place.</p>
Low / High	Natural Catastrophe	Manufactured capital relationship capital	External	Destruction of production facility due to natural disaster.	<p>The risk is addressed as follows:</p> <p>Every possible aspect of safety measures has been taken into consideration by the Company during construction and erection of building and plant.</p> <p>The Company has comprehensive insurance cover for any catastrophic event.</p> <p>The Company has well-established disaster recovery plan and data backup to address any unwarranted event.</p>
Low / High	Information systems risk	Manufactured capital	External	Loss of Company data and theft of sensitive information.	<p>The software including the firewall / antivirus are regularly updated in order to minimize the risk of loss or theft of data.</p> <p>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.</p>

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	One of the 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 Polypropylene bags and Flexible Packaging material. Moreover, the Company has decided to expand into SOS/Carrier Bags.	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 in accordance with customer demand.	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 had installed II Flexo printer this year.

COMPREHENSIVE FRAMEWORK: ADDRESSING KEY RISKS, METHODOLOGY, RISK APPETITE AND REPORTING

Cherat Packaging Limited has in place a full functional comprehensive framework for addressing key risks, methodology, risk appetite, and reporting. This framework is designed to strengthen our risk management practices, enhance our strategic decision-making, and ensure the sustainable growth of our organization while preserving shareholder value.

1. Identification of Key Risks:

Our framework begins with the identification of key risks. We have conducted a thorough assessment of various risks that could impact our organization, including financial, operational, strategic, compliance, reputational, and technological risks. These risks have been categorized and prioritized based on their potential impact and likelihood.

2. Methodology for Risk Assessment:

We have established a rigorous methodology for risk assessment that combines qualitative and quantitative analysis. This methodology utilizes tools such as risk matrices, risk heat maps, and scenario analysis to evaluate and prioritize risks. We are committed to regularly reviewing and updating this methodology to ensure its relevance.

3. Risk Appetite and Tolerance:

CPL has defined its risk appetite and risk tolerance levels. Our risk appetite represents the level of risk we are willing to accept in pursuit of our strategic objectives, while risk tolerance sets specific thresholds for acceptable risk levels. These levels are aligned with our strategic goals and the expectations of our stakeholders.

4. Risk Mitigation and Control Measures:

We have developed and implemented risk mitigation and control measures for each identified risk. These measures are designed to reduce the likelihood and impact of adverse events. Clear ownership and accountability have been assigned for each risk mitigation measure, ensuring effective execution.

5. Risk Monitoring and Reporting:

Our framework includes a robust risk monitoring and reporting system. Key risk indicators (KRIs) have been established to provide early warning signals of impending risks. We will regularly monitor changes in risk profiles and assess the effectiveness of risk mitigation measures. Reporting structures have been established to communicate risk information to relevant stakeholders, ensuring transparency and informed decision-making.

6. Risk Governance and Framework Oversight:

Our risk management policies and procedures are well-documented and consistently followed throughout the organization. Regular reviews and updates of the framework are conducted to adapt to changing business conditions and emerging risks.

7. Integration with Strategic Planning:

Risk management is integrated into our strategic planning process. This ensures that risk considerations are an integral part of our decision-making. Our risk management objectives are aligned with our strategic goals to enhance our overall resilience.

8. Training and Communication:

We provide training and awareness programs to ensure that all employees understand their roles and responsibilities in managing risks. Open channels of communication are established to encourage the reporting of risks and near misses, fostering a culture of risk-awareness and accountability.

9. Testing and Simulation:

We regularly conduct stress tests, scenario analyses, and simulations to assess our ability to withstand various risk scenarios. The results of these tests are used to refine our risk mitigation strategies and enhance our preparedness.

10. Continuous Improvement:

Our commitment to continuous improvement is unwavering. We will regularly review and assess the effectiveness of our risk management framework. Feedback from stakeholders will be sought to make necessary improvements, ensuring the adaptability of our framework to changing circumstances.

In conclusion, CPL is dedicated to a proactive and comprehensive approach to risk management. This framework will guide us in navigating the complex landscape of risks while allowing us to seize strategic opportunities. We believe that by implementing and continuously refining this framework, we will enhance our resilience, protect shareholder value, and achieve sustainable growth.



RISK OF SUPPLY CHAIN DISRUPTION DUE TO AN ENVIRONMENTAL, SOCIAL OR GOVERNANCE INCIDENT AND COMPANY'S STRATEGY FOR MONITORING AND MITIGATING THESE RISKS

The Company recognizes that environmental, social, and governance (ESG) factors are critical to our long-term business sustainability and success. As a responsible organization, we acknowledge the potential risk of supply chain disruption associated from ESG incidents. We recognize that such incidents can adversely impact our operations and disrupt the flow of goods and services critical to our business. To address these risks, we have adopted a comprehensive strategy for monitoring and mitigating these potential disruptions.

Particulars	Environmental	Social	Governance
Risk	In a period marked by the evident effects of climate change, we understand the threats it can pose. Climate change can lead to extreme weather, resource scarcity, and disrupted logistics. These may impact the availability of raw materials and transportation infrastructure, accordingly, disrupting our supply chain. Further, shortages of critical resources including energy can disrupt the supply chain by increasing costs and reducing availability.	<p>Labor strikes, worker exploitation or human rights abuses in the supply chain can result in production delays.</p> <p>Further, if our operations or suppliers are involved in conflicts with local communities it may lead to protests or legal actions.</p>	<p>Governance incidents, such as regulatory non-compliance by our suppliers can result in legal actions, fines, or sanctions. These legal repercussions can cause disruption as resources and attention are diverted to address legal issues.</p> <p>Further, governance incidents involving unethical behavior by suppliers can strain our relationships with them, potentially resulting in the termination of contracts and disrupting the supply chain.</p>
Monitoring the risk and mitigating Strategy	We aim to diversify our supplier base to reduce the concentration risk in areas prone to environmental hazards.	<p>We prioritize suppliers who demonstrate fair labour practices and uphold human rights standards.</p> <p>Additionally, we engage with local communities and stakeholders to build positive relationships and minimize conflicts.</p>	We assess suppliers' governance frameworks to ensure transparent and ethical business practices. Suppliers with strong corporate governance structures are preferred to mitigate the risk of disruptions arising from issues related to fraud, corruption, and compliance breaches.

Particulars	Environmental	Social	Governance
Risk	<p>Further, we actively promote usage of green energy through the utilization of solar and hydroelectric power. This not only reduces the carbon footprint of the Company but also saves the cost.</p> <p>Moreover, we maintain contingency plans that outline steps to be taken in the event of a supply chain disruption. These plans are periodically reviewed and updated to align with emerging risks.</p>	<p>Moreover, we maintain contingency plans that outline steps to be taken in the event of a supply chain disruption. These plans are periodically reviewed and updated to align with emerging risks.</p>	<p>Moreover, we maintain contingency plans that outline steps to be taken in the event of a supply chain disruption. These plans are periodically reviewed and updated to align with emerging risks.</p>

Continuous improvement is integral to our approach. We actively assess and enhance our supply chain monitoring and mitigation strategies by incorporating insights from emerging risks, industry best practices and feedback from stakeholders. Our dedication to address environmental, social, and governance risks highlights our commitment to sustaining a robust supply chain capable to withstand potential disruptions and contribute to our long-term success.

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 consistently been at the forefront of innovation within the packaging industry. In the past, CPL introduced 2 ply bags for cement companies which were well received by the cement industry. In respect of Polypropylene, CPL was able to produce lowest grammage bag in the world with same high quality and strength. This innovative product is unmatched and remains a symbol of CPL exclusively. In FPD, CPL was able to convert Roto printing jobs into Flexographic printing jobs without compromising on quality.

Furthermore, the Company is always in contact with its strategic partner (Windmoller & Holscher) to gain firsthand insights into technological advancement and emerging packaging trends. This ongoing collaboration empowers CPL to offer its customers the highest quality innovative products with a wide array of options. Further, to keep its production quality at its optimal, CPL conducts regular in-house training programs to enhance the skills of its workers.



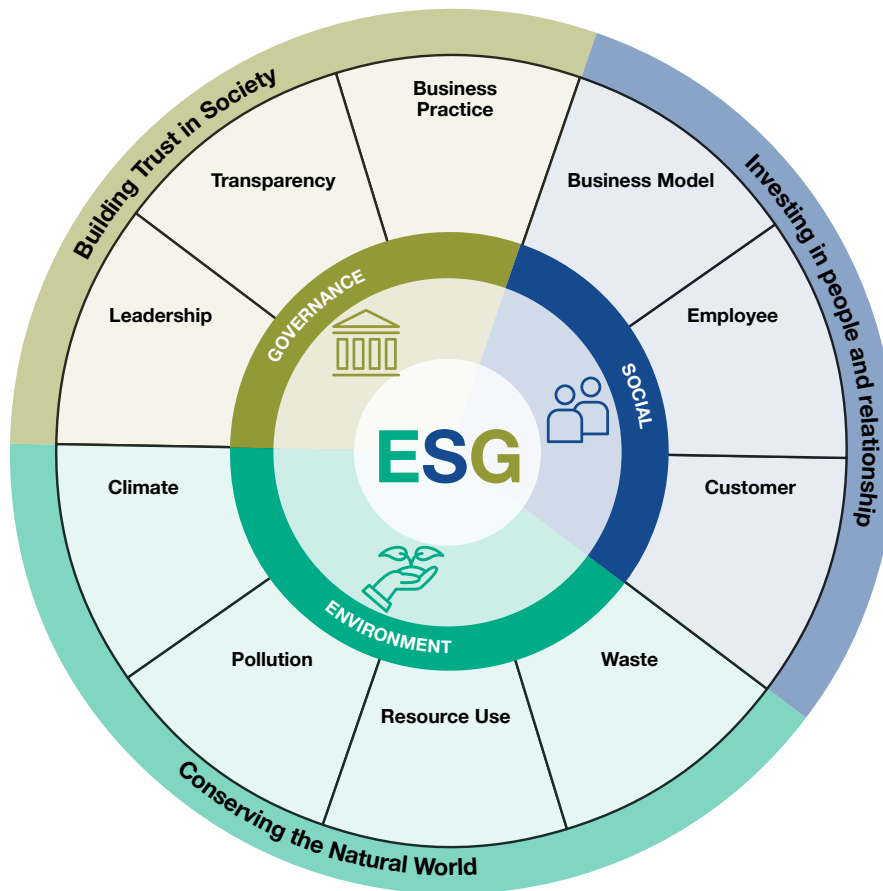


A dynamic splash of teal liquid against a black background, with various droplets and splatters creating a sense of movement and energy.

Sustainability and Corporate Social Responsibility

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



Environment, Social and Governance (ESG)

ESG is a framework for evaluating a company's sustainability across three key areas: environmental, social and governance. It has evolved into a comprehensive framework that covers crucial elements such as environmental and social impact, while also focusing on how governance structures can be adjusted to improve stakeholder well-being. We believe unwaveringly that stakeholder value maximization is possible on a long-term basis by implementing best-in-class ESG protocols and therefore, ESG remains a key dimension in our strategic decision making. As we progress on our growth path, we remain committed to our journey of Excellence and creating the Enterprise of the Future by advancing our Environmental, Social, and Governance (ESG) agenda.

1. Board's vision on environment, social and governance [ESG]

The Board of Directors of CPL acknowledges the critical importance of Environmental, Social and Governance (ESG) factors for the sustainable and successful operations of the Company in the short, medium, and long term. Recognizing these factors as responsible persons of the society; we have implemented a system to assist in the early identification of various risks and opportunities which enable development of appropriate strategies in order to mitigate adverse impacts on the Company.

The Board of the Company prioritizes ESG factors in all strategic decisions related to investment, expansion, and divestment. This commitment ensures a safe, healthy, and secure environment for all stakeholders including the community at large.

To achieve this, we have incorporated ESG considerations into our core decision-making processes and are actively pursuing new opportunities through research and development. These initiatives are aimed at driving organic growth and building trust with our key stakeholders, including shareholders, regulators, employees, customers, and investors.

Environmental Responsibility:

We are committed to reducing our environmental impact by adopting sustainable practices, optimizing resource efficiency, and implementing conservation measures that protect the planet for future generations.

Ethical Governance:

We are dedicated to conducting our business with the highest level of integrity, upholding ethical standards that emphasize transparency, accountability, and fairness in all our dealings.

Stakeholder Engagement:

We work closely with our stakeholders—employees, customers, partners, and local communities—to understand their needs and concerns, and to collaboratively create initiatives that tackle urgent social and environmental issues.

Employee Engagement:

Our commitment also encompasses our employees, whom we view as essential to our CSR efforts. We offer them a safe, inclusive, and diverse workplace that promotes professional development and encourages a culture of giving back.

Clarity and Reporting:

We pledge to openly share our CSR initiatives, progress, and impact with our stakeholders through regular and detailed reports, ensuring accountability and promoting a culture of continuous improvement. Board's endorsement of these best practices demonstrates our belief that responsible business practices are not just a moral duty but a critical driver of long-term success. We believe that by adopting these practices, we can generate a lasting positive impact on society while ensuring our company's sustainable growth and resilience.

Social Well-being:

By focusing on employee welfare, diversity, equity, and inclusion, and by working with local communities, we aim to make a positive difference in the lives of those we affect.

Effective Governance:

Effective governance is essential to our sustainability efforts. We are dedicated to upholding a governance framework that prioritizes transparency, accountability, and ethical conduct throughout our organization.

Stakeholder Engagement:

We understand that collective success arises from meaningful engagement with our stakeholders. By fostering open dialogue and building partnerships, we aim to address concerns, gather insights, and work together to create solutions that drive positive change.

Innovation and Adaptation:

Our dedication to sustainability requires ongoing innovation and adaptability. We invest in research, development, and technological advancements to ensure we evolve in a dynamic and responsible way.

Robust Reporting:

We understand the significance of transparent and thorough reporting. Our ESG and sustainability reports offer a clear picture of our progress, challenges, and opportunities, enabling stakeholders to hold us accountable and engage with our journey. By setting these strategic objectives, we enhance our resilience, improve our reputation, and contribute to a world that prospers for future generations.

2. Materiality approach on ESG factors

The Board of Directors of CPL fully understands the concept of materiality concerning sustainability-related disclosures on ESG factors. Although the Company has not yet adopted IFRS on Sustainability and Climate Change, the Board has entrusted and authorized management to consider materiality in its decision-making. This ensures that stakeholders are provided with information that, if omitted, misstated, or obscured, would reasonably be expected to influence the decisions of primary users of general-purpose financial reports about the reporting entity.

KEY SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES

The Board of CPL principally assumes full responsibility for operation of the company within the laws and the urging need for the company to be environmental friendly, meeting expectations of various groups of stakeholders through application of best governance practices around the world. The Board have put in place rigorous mechanism for identification of risks, evaluation of its possible impact on scenario based analysis on the Company and developed strategies to mitigate all possible risks. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives. The Board through its Audit Committee evaluates the control system for possible improvisation and enforce changes due to emerging risks & opportunities presented by the ESG.

The Board empowered management to perform comprehensive planning to address key risk and develop established control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures. The management of the Company have maintained close eyes in the overall environment the Company operates and align/redesign its policies and procedures to the ever changing business dynamics and the risks involved to protect the interest of the company and its stakeholders.

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

Risks and Opportunities	Company Responses & Initiatives
<p>Energy shortage (timeframe: short to long term) Energy shortage remain a continuous concern for industries operating in Pakistan including Cherat Packaging Limited. Disruption in the supply of Energy will lead to disruption in production and will hinder meeting growing customer demands. Cost of Energy is increasing disproportionately which will make it hard to compete both locally and internationally in export market.</p> <p>By installing solar panels, the company ensures uninterrupted production during power failures, allowing it to fulfill customer orders on time</p>	<ul style="list-style-type: none"> - Alternate Sources of energies have been explored and installed in the company; - Investment in latest machines have been made which are energy efficient; - Secured low cost energy generated through Hydro resources where the CO2 emissions is very low compared to other forms of energies; - Production process are regularly reviewed for cost efficiencies and energy savings
<p>Water Availability (timeframe: medium to long term) The supply of water is critical for manufacturing processes, and any delay or scarcity can lead to significant production delays. Water utilization varies across industries, but scarcity can pose serious risks to the entire supply chain, starting with the availability of raw materials. Overuse of water sources can result in drought conditions, harming local ecosystems, leading to biodiversity loss, and degrading natural habitats. Additionally, the excessive discharge of hazardous materials can severely impact ecosystems and threaten all forms of life</p> <p>The production processes of Cherat Packaging are not water intensive, so disruptions in the water supply will have a minimal impact on its production.</p>	<ul style="list-style-type: none"> - The production process involved in our manufacturing processes are not water intensive and our requirements are very limited. - Cherat Packaging Limited has employed latest machines which curtailed the utilization of water to the lowest level; - The discharge of contaminated water is very low and even then the discharge contents are regularly monitored through Lab Testing where the actual values are well within the limits
<p>Supply Chain Disruption (timeframe: medium to long term) ESG factors have a very critical role in the supply chain as any hindrance at any stage of the supply chain will lead to the disruption in the succeeding stages of the supply chain with ultimate dissatisfaction of the customer. The disruption can occur at any level starting from the supplier of raw materials to transporter transporting the goods to the ultimate consumer and it may be caused by flood, earthquake, shortage of critical resources, extreme weather conditions, workers strike etc.</p> <p>The company diversifies its supplier base to reduce concentration risk in areas prone to environmental hazards by purchasing from both local and international suppliers. This approach helps avoid interruptions caused by such disruptions.</p>	<ul style="list-style-type: none"> - Comprehensive strategy established for monitoring and mitigating supply chain risks and potential disruptions; - Increased suppliers base both in the local market as well as at International level; - Transportation arrangements are in place for timely delivery of goods to the customers - Contingency plans are in place including stock levels to meet urgency or disruption for quite some time and these plans are regularly reviewed/improvised; - The company closely monitors the happening in the world and preemptively acts to avert possible disruptions

Risks and Opportunities	Company Responses & Initiatives
<p>Cybersecurity (timeframe: short to long term) Mishandling or breaches of sensitive data can result in operational disruptions, financial losses, reputational harm, and regulatory penalties.</p>	<p>The company has an up-to-date disaster recovery plan to ensure the continuity of operations in the event of a disaster. Effective data backup mechanisms are in place, along with regular log reviews and access control audits to maintain robust system controls. Also refer the section “Disclosures on IT Governance and Cybersecurity”.</p>
<p>Product Safety and Integrity Risk (timeframe: short to medium term) Cherat Packaging Limited is engaged in business with many well reputed FMCGs for the supply of packaging solutions where the brand/product design and its material composition is paramount and any breach of product integrity, low quality product supply, allergic reactions from the product packed in the packing supplied by Cherat Packaging could be very damaging for the company reputation and future business.</p>	<ul style="list-style-type: none"> - Extensive quality QC testing for conformance of the packing customer requirements and applicable standards; - Rigorous security mechanism in place which ensure the integrity of the product and its design during transmission; - Dedicated Vlan for transferring soft copies of the files for approval of customer; - Wastes with customer design are shredded being disposed off to EPA approved vendors;
<p>Climate Change: Natural Disaster/catastrophe (timeframe: short to long term) Natural disaster is hard to predict which have pervasive impact on company operations if so struck which could include flood, earthquake, thunderstorm with lightning.</p>	<ul style="list-style-type: none"> - Safety measures have been taken by the Company during construction and erection of building and plant; - Lightning arrester & relevant installations have been made through the company; - Comprehensive insurance cover is well in place for the whole company; - Well established disaster recovery plan and data backup to address any unwarranted event.
<p>Air Quality (timeframe: medium to long term) In recent years, global attention to air quality and air pollution has intensified, leading to stricter environmental regulations and the implementation of advanced emission control technologies. Manufacturing processes discharge hazardous gases that significantly impact the environment and contribute to air pollution. Many countries have enacted comprehensive laws and established stringent standard operating procedures (SOPs) to control and mitigate the rising levels of emissions, aligning with global sustainability goals and climate change initiatives</p>	<ul style="list-style-type: none"> - Latest & advanced machines are deployed with low emissions of CO2 while in operations; - Regular maintenance of machines is carried out to control the emissions well within control; - Productions process are monitored closely to record and control air emissions within tolerance limit; - Review of energy mix to utilize low emission sources of energies for production processes. - Transportation services are acquired from transporter having latest or improved models of goods transport vehicles with low level of emission of CO2 or other discharges to the environment;
<p>Regulatory Changes in framework (timeframe: short to medium term) Due to the increasing realization of the ESG factors and its impacts; Govt. are moving towards developing clear laws, regulations and policies & procedures to have better future for their next generations while other have developed and implemented laws & regulations. We are witnessing a paradigm shift in laws & regulations in the past few years to counter global climate change, warmer environment and depletion of natural resources.</p> <p>Non-compliance with ESG laws & regulations are not only costly but also create impediments to operate. It also create bottleneck in the engagement with the customers with consequent impact on the reputation of the Company.</p> <p>The company is committed to adopting best practices in sustainability and corporate social responsibility. It received the Corporate Social Responsibility Award in the ‘Best Practices’ category in both 2023 and 2024, and in 2024, it was also recognized for its Green Energy Initiatives. These achievements demonstrate the company’s dedication to excellence. As a result, any changes in laws and regulations are likely to have minimal impact, as the company is already striving to align with best practices.</p>	<ul style="list-style-type: none"> - Cherat Packing believe not only on mere compliance with laws & regulation but rather believe on the spirit of the law; - We are closely monitoring the changes taking place in the legal landscape through our dedicated legal department; - Contingency plans are well in place which are updated as the situation evolves and actions are taken as demanded by the circumstances; - Accurate and timely reporting of the material information are disclosed to the stakeholders whether inside or outside Cherat Packaging Limited; - Arrange training & development for the staff to embrace the changes & challenges happening in the legal framework

FOUR PILLARS APPROACH TO ESG (GOVERNANCE, STRATEGY, RISK MANAGEMENT, METRICS AND TARGETS)

Governance

The Board of CPL principally assumes full responsibility for operation of the company within the laws and the urging need for the company to be environmental friendly, meeting expectations of various group of stakeholders through application of best governance practices around the world. The Board have put in place suitable mechanism for identification of risk, evaluation of its possible impact on scenario based analysis on the Company and developed strategies to mitigate all possible risks. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives. The Board through its Audit Committee evaluates the control system for possible improvisation and enforce changes due to emerging risks & opportunities presented by the ESG.

The Board of Directors of the Company comprises individuals with diverse expertise, including independent, non-executive, and executive members responsible for overseeing the Company's operations. The Board actively engages in strategic decision-making, thoroughly considering all relevant facts, activities, operations, risks, opportunities, and management's proposed mitigation strategies. Our strategic goals encompass eco-friendliness, fulfilment of societal obligations, and proficient governance.

Fully aware of its ESG responsibilities, the Board strongly supports the Company's ESG initiatives to achieve sustainable growth for all stakeholders. We are resolute in diminishing our carbon footprints, safeguarding resources, promoting usage of green energy and handling waste materials in an environment friendly manner. Our focal points include promoting diversity, ensuring employee welfare, and actively participating in the community. Our decision-making is steered by ethical behavior, openness, transparency and prudent risk management.

Through its Audit Committee, the Board monitors and evaluates the Company's risk profile, internal controls, and risk mitigation strategies, and conducts effective audits via the internal audit department. The Board has empowered management to undertake necessary actions, and in response, management has established a robust system for identifying operational risks, reviewing activities for potential improvements, and developing strategies to mitigate adverse impacts and capitalize on opportunities.

To follow the Board's directives, the management has set up a fully functional HSE (Health, Safety, and Environment) Department. This department oversees the Company's compliance with health, safety, and environmental laws, regulations, best practices, certification requirements, and customer audit requirements. The HSE Department reports directly to the Chief Executive Officer and Chief Operating Officer on material activities and risks, along with proposed mitigation strategies.

Management conducts regular review meetings with all departments to update the Company's risk status, evaluate potential impacts, and adopt necessary corrective measures. The HSE Department is tasked with briefing the Board annually on the Company's progress regarding ESG and related matters apart from briefing and findings to be reported by the Internal Audit Dept. through Audit Committee. The Board of the Company believe in faithful, accurate and transparent reporting on all material risks and opportunities which are faced by the Company in relation to its ESG performance and sustainability.

Strategy

The Company has undoubted vision & commitment for its operations to be managed within the lines of ESG as we believe long term sustainability of the company can only be achieved if the operations of the company are managed with the framework of ESG and this ESG framework greatly depends on rightful integration of the four pillars. We aim to significantly reduce our carbon footprint through the adoption of energy-efficient technologies, use of renewable energy sources, and the implementation of rigorous waste management and water conservation practices.

In line with this commitment and our dedication to promoting environmental and social sustainability, we have implemented the following approach as;

- Identify and assess environmental and social impacts associated with the operations of the Company.
- Adopt measures to avoid / mitigate those impacts;
- Establish and maintain a sound worker-management relationship;
- Promote fair treatment, non-discrimination and equal opportunities for workers;
- Protect and promote the health of workers, especially by promoting safe and healthy working conditions;
- Maintain detailed safety standards;
- Avoiding / minimizing pollution from operations;
- Identify opportunities for energy and resource efficiency improvements including waste reduction;

- Ensure that safeguarding of employees, labor and property is carried out in a legitimate manner that avoids or minimizes risks to the community's safety and security;
- Ensure that stakeholders are appropriately engaged on environmental and social issues that could potentially affect them through a process of meaningful consultation;
- Maintain a constructive relationship with stakeholders on an ongoing basis through meaningful Engagement
- Arranging training and development activities for the staff so they are capable to perform and execute tasks expected from them;
- Engage with those suppliers who have systems in place to adhere to ESG best practices at their end in the value chain;

The preceding paragraphs outline the concrete steps and actions that the company has undertaken to achieve these objectives

Risk management

As discussed earlier in this report; we, Cherat Packaging Limited, have in place a fully functional and comprehensive risk management framework for addressing key risks, including those posed by environment and society. Over the years; we have developed methodologies with defined risk appetite and a system for transparent reporting. This framework is designed to strengthen our risk management practices, enhance our strategic decision-making, and ensured the sustainable growth of our organization while preserving shareholder value.

Just as a reproduction of what we mentioned elsewhere in this report; our risk management system is aligned and based on the following principles as;

- 1) Identification of Key Risks in the operation or new investment including its likely impact on environment and society
- 2) Risk Assessment & evaluation through our established methodologies which take into account qualitative and quantitative factors in the given situation;
- 3) Risk appetite and tolerance as all risks are not material to adopt similar precautionary & control measures;
- 4) Risk Mitigation and Control Measures where we brainstorm for possible mitigation options and adopt the one which is more likely to address the possible risks;
- 5) Risk Monitoring and Reporting on key risk indicators [KRI] which allow management ample time to adjust the strategy adopted for its mitigation;
- 6) Risk governance and framework oversight which includes well documented policies & procedures updated with changing pattern of the risks faced by the company;
- 7) Integration with Strategic Planning where the risk management approach is made integral part of our strategic planning and accordingly strategic decisions have to follow the risk management approach to ensure sustainability of the company;
- 8) Training and communication are provided to the relevant employees so they may understand their role and responsibilities in management of company risks;
- 9) Testing and simulation to ensure the assumptions and variables taken in the risk management approach are valid and sufficient to mitigate the risks;
- 10) Continuous improvement in the risk management framework & approaches as the dynamics, variables, assumptions and nature of risks change over time which we can manage through continuous improvement programs;

Metrics and target

Our company is dedicated to executing its operations in an environmentally friendly and socially just manner while achieving maximum returns for our stakeholders through robust governance practices. Although we have not yet adopted formal ESG reporting standards, we are committed to being responsible corporate citizens by taking all necessary steps to ensure our decisions, operations, and activities have positive impacts on the environment, society, and people.

Key ESG metrics and targets include.

Environment	
Energy Usage and Mix	The company fulfills its energy requirement through an appropriate mix of thermal, hydel and solar power. As specified in the Chairman's review, the company fulfilled around 40% energy requirements through sustainable channels (i.e. hydel and solar power). Plan for increasing green energy is also under consideration.
Production Waste	While industrial effluents in this industry are quite low, management is fully aware of its responsibilities and has established relevant policies. Employees receive comprehensive training to reduce waste. Additionally, the company has invested in a state-of-the-art granules recycling machine and solvent recycling machine, enabling the recycling and reuse of granules / chemicals instead of disposing of them as waste.
Greenhouse Emission	<p>The company utilizes energy-efficient, state-of-the-art machinery and operates with low energy intensity and well-controlled processes.</p> <p>The Company estimates that purchasing electricity from the national grid has contributed 4,970 Tons CO₂e to the environment. However, this amount would have exceeded 8,000 tons if the company had not utilized sustainable channels to fulfill its electricity needs.</p>
Water Management	The use of water in our production processes is very minimal and we reuse the water for gardening to keep the consumption of water to the minimum level.
Social	
Non-Discrimination and Gender Diversity	<ul style="list-style-type: none"> - The company has well established policies over non-discrimination and we are committed to promoting equal opportunity for all prospective & existing staff irrespective of their cost, religion, location and language. - We have employees having different background with respect to ethnicity, languages and religion and all work as a team of Cherat Packaging. - Female staff are also associated with Cherat Packaging who are playing their role at different levels and in different departments.

Employee Retention and Turnover	<ul style="list-style-type: none"> - The Company believe on provision of safe & secure working environment and also awarding the staff with market based remuneration. - Retention ratio is high even though the country is undergoing through serious inflationary situation where professional staff is relocating to foreign countries.
Injury Rate	<ul style="list-style-type: none"> - The Company has fully functional HSE Department which is engaged 24/7 in monitoring the operations of the company in line with best practices. - Zero loss of life observed during the course of company operations in the FY 2024. - Minor injuries witnessed and reported to whom the company provided first aid through our established in-house Health team. Total reported minor injuries cases are at 5.
Employee training and Succession planning	We believe on professional & trained human resource which we align to the company circumstances and to the changes happening around the globe through internal and external training.

Governance

The company believes on a dynamic, experienced and equipped human resources at all levels of the structure of the company as the success and sustainability of the organization is in the hands of the human resource employed. Just to give brief of the facts already enunciated elsewhere in this report; the following is reported as

Board Composition with respect to Gender	<ul style="list-style-type: none"> - 89% of the board position occupied by men directors while 11% are occupied by women directors.
Board Independence	<ul style="list-style-type: none"> - 33% of the board members are Independent Directors.
Management Composition	<ul style="list-style-type: none"> - The affairs are managed by CEO supported by COO, CFO and GMs. - Company is structured on the basis of divisions where each division is looked after by separate HODs.
Continuous review of activities and risks	The company has well established policies and procedures where the activities and operations of the company are under regular review with respect to all possible risks including risks from ESG. After evaluation of the risks and opportunities; the management decides on a course of action which is monitored against the expected results through the involvement of concerned department including monitoring through internal audit team.

HIGHLIGHTS OF VARIOUS ASPECTS OF SUSTAINABILITY

We remain committed to continuous improvement in Health, Safety, 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 wellbeing 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 & Compliance department.

This department of the Company is involved in environmental protection, occupational health and safety, compliance and certain other aspects. HSE & Compliance department's objective includes, but is not limited to, Protection of employees through; providing safe working conditions, reducing occupational risks related to the job / activities, increase awareness level of staff, prevention of incidents & accidents, handling of emergency cases and health issues at work along with environmental protection, certifications acquired / to be acquired and maintenance of certification against international standards adopted.

The production facility remained fully compliant with industry standards and safety requirements. For this very purpose, the Company has fully adopted and has obtained certification of ISO 9001:2015 (Quality Management System). Further, in order to strive towards the continuous improvement in occupational Health, Safety and Environment aspects, the company has obtained ISO 45001:2018 (Occupational Health & Safety Management System), ISO 14001:2015 (Environmental Management System). Moreover, company is committed to fully comply with applicable industry and customer's specific standards. To meet / exceed the customers' requirements especially focusing on Food Safety perspectives, the company is maintaining certifications for GFSI approved standards i.e. FSSC 22000 (Version 6) and BRCGS Packaging (Issue 6). Company obtained and maintains SEDEX and URSA as well to strive towards continuous improvement in Social & Ethical compliances. Further, the Company is also registered with KP Environmental Protection Agency. 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

The Company is also registered with KP Environmental

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

b. Market Presence

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

c. Indirect Economic Impacts

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



2. ENVIRONMENTAL

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. In order to meet this purpose, we have acquired most advanced technology plant which controls industrial waste at lowest levels. Further, to improve the environment, natural tree plantation has been done in the factory premises. Moreover, the company maintains and continually improves its environmental management systems and complies with requirements as outlined by specific markets or local regulations. Further, the Company operates in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development and promotion of environmental responsibility amongst its employees. Furthermore,



as discussed above, the Company fully complies with the regulatory requirements of NEQS. Sampling and testing of multiple items is carried out as per the criteria and limits defined by NEQS. This includes sampling and testing of Ambient Air, Stack Emission, Light Intensity, Noise Level, Indoor Air, Drinking Water, Wastewater etc. All the testing is carried out through EPA approved lab. 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 devised a production plan in order to use its production facility efficiently with lesser energy usage. Moreover, the Company completed the commissioning of 0.96 MW solar power project. These solar panels would help to produce green energy for which the Company has successfully obtained NOC from NEPRA and produced 1.18 Million kWh Units. In addition to this, the Company has also acquired energy from Pakhtunkhwa Energy Development Organization (PEDO) in order to obtain hydro power which will also help us in usage of green energy. Furthermore, the energy is conserved by the addition of the most modern, state-of-the-art machinery, which also results production of quality products in the most efficient and effective manner. In addition to the above, in order to conserve energy, the management of the Company strives to keep production wastage to a minimum level and productivity at the highest level.

b. Products

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

c. Emissions

Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. The Company is in full compliance with Regulations and all of our emissions from manufacturing process are well monitored and tested on regular basis in well-established EPA approved laboratories and the outcomes of the lab tests are well below their respective limits as specified in NEQS.

d. Effluents and Waste

As a manufacturing concern, this is an important topic as it has an impact not only on our own operations, but also on local communities where waste is generated and disposed of. Accordingly, the Company has invested in a high quality plant technology to avoid industrial waste and to control industrial effluents. Although the industrial effluents are on a very low side in this industry, management is fully aware of its responsibilities in this regard and related policies are already in place. Employees are given proper training to minimize the wastage. Further, the Company has invested in the state-of-the-art Solvents Re-cycling machine which enables it to recycle the chemicals/solvents and reuse the material instead of disposing it as a waste. Moreover, solid chemical waste is 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 (from EPA approved labs) on it to ascertain the environmental impact.

e. Transport

Our products are transported to the customers through heavy trucks and containers. 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 certified for 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:

a. Papersack Division (PSD)

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

- Strength Properties Analysis of Kraft paper.
- Inspection of Printing Inks to ensure achieve Customer's approved Color 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.

b. 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.

c. Flexible Packaging Division (FPD)

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

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



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 manufacturing products. 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 & labor 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 fatal incident, major injury or 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, first aid and emergency evacuation 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 Equipment's 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, emergency 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, machines safety, food safety, personal hygiene, chemical handling, use of tools, emergency equipment i.e. fire extinguishers, hydrant, suppression system and safe work practices on very frequent basis.

o Firefighting Equipment

In order to strive towards creating a safe working environment, the Company, inter alia, has made multimillion rupees' investment to install advanced firefighting equipment's compliant to international standards. The equipment's include state of the art fire detection and alarm systems, General firefighting systems (including approved fire pump, fire hydrants, portable fire extinguishers, tanks & trolleys) and auto suppression systems with sprinklers & CO2 Suppression System. To deal with the fire resulted due to hazardous chemicals, the company has also made investment in Aqueous film-forming foam (AFFF) system conforming to International Standards (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 / equipment's but more importantly it will also ensure the safety of its workforce. Firefighting equipment are checked on regular basis to ensure its proper functioning and used by personnel for hand on practices.

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. Further, in order to achieve aforesaid purpose, the Company has adequately placed safety signboards at all important visible places and provided all appropriate measures in the form of adequate PPEs, fire detection, alarm and fighting arrangements, well equipped ambulance. Safety signboards include road traffic signs in order to regulate traffic in the factory premises, signs to remind workforce of using and wearing safety equipment (PPEs), fire safety signs, contacts for emergency response teams 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 man-hours is maintained. Any minor issues are handled by in-house dispensary.

d. Training and Education

The training, education and development of our people are topics of critical importance to us. The Company hires energetic, talented, and motivated human resources and provides them

a congenial and healthy working environment to utilize their capabilities efficiently. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets. The Company has in place a Performance Review Process in order to recognize employees' contribution and reward them according to their performances.

Moreover, Training Need Analysis (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. The Company offers education assistance plan to nurture growth and encourage professional education of employees. The education assistance program not only equips employees with improved academics and technical knowledge but also provides the Company with rightly equipped human resource to face the new challenges offered by expansions, diversifications and business growth. Further, eligible employees receive Service Awards based on their performance and length of service. The management's objective is to recognize and reward employees' contribution to the business. This process helps the availability of high quality workforce which plays a vital role in achieving day-to-day targets and tactical and strategic objectives of the Company.

e. Equal Opportunity and Non-discrimination

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

f. Child Labour

The Company has strict policy over prohibition of child labor. 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 labor.

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.

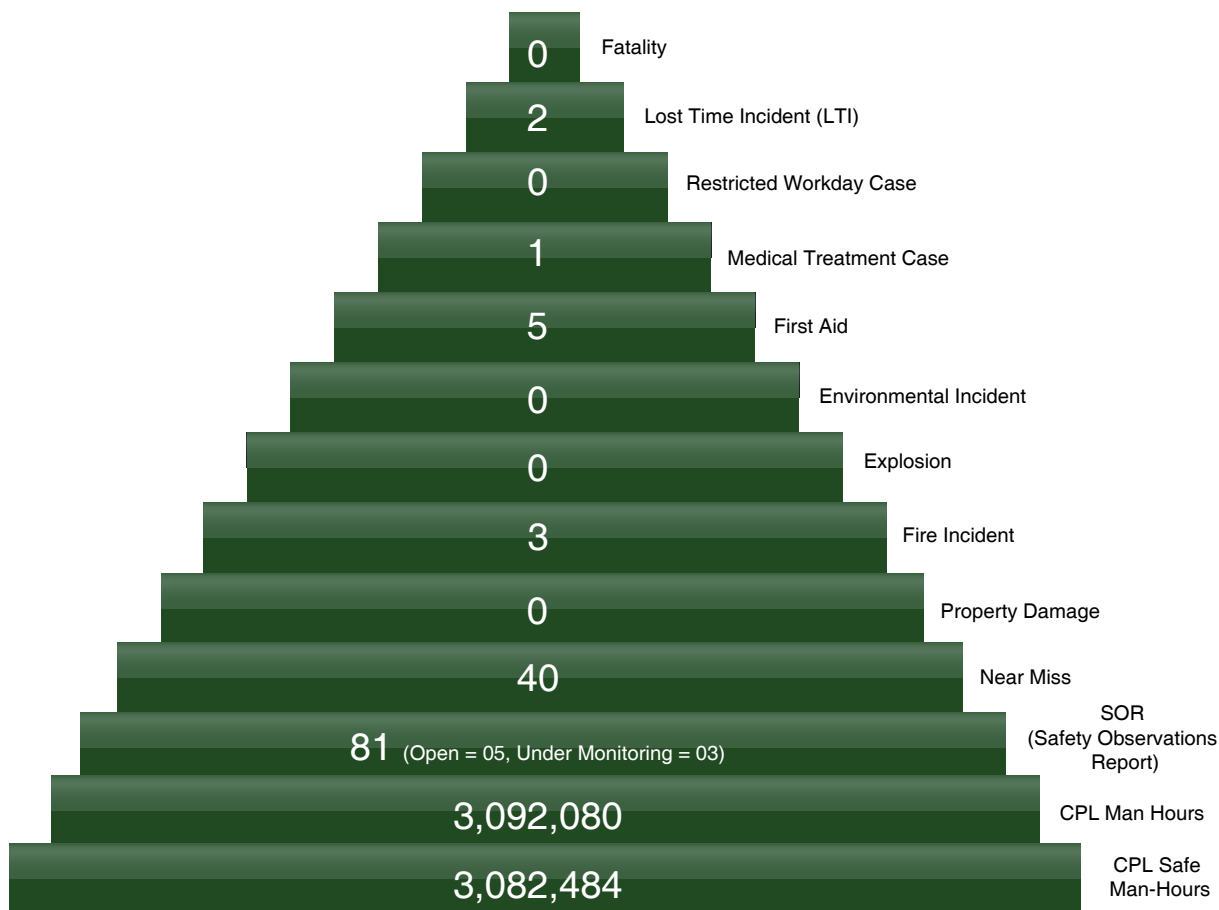
HSE Management Systems:

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:

- Fortnightly and Monthly Inspections
- Trainings & Awareness Sessions
- Emergency drills on different Scenarios
- Compliance of Permit to Work
- Risk assessments and job safety analysis
- Ambulance Operations handling community emergencies (CSR)
- Monitoring & Compliance of Site
- Procedures during Ongoing Projects
- Awareness & Compliance monitoring
- Internal & external audits

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



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

QUARTER	SESSIONS CONDUCTED	TOPICS / SCENARIOS
First	20	Manual handling/ Power tools, Fire Fighting, Chemical safety/COSHH, Working at Height Protocols, GMP training/Environment safety, Machine Safety, Use of Fire extinguisher, Use of Fire Hose Reel, CO2 Suppression system, Use of Mobile Foam Unit, Use of Fire Hydrant, Basic First Aid & CPR. Fire Emergency & Evacuation Drills
Second	20	Incident/Accident/Near miss reporting, Electrical Fire & Hazards Safety, HAZCOM, Basic First Aid & CPR (ERT), Mobile Equipment safety, General Safety, Use of Fire extinguisher, Use of Fire Hydrant, Use of AFFF foam unit, ERT Refresher training, CO2 Suppression system operation, ERT-PSD Refresher, Fire Fighting, Near Miss Reporting. Chemical Spill Drills and Natural Disaster / Evacuation Drill
Third	17	Use of Fire extinguisher, Manual Handling, PPEs, Compressed Gas Safety, Office Safety, PTW Refresher, Basic First Aid, ERT Refresher, Use of Fire Hydrant, Use of Fire Extinguisher, CO2 Auto Fire Suppression System Flexo-II. Fire Emergency & Evacuation Drill, Evacuation Drill, and MEDVEAC Drill
Fourth	09	Fire Fighting, COSHH, Basic First Aid, Ergonomic Safety, Hot Work, Heat Stress, ERT Refresher, CO2 Auto Fire Suppression System Flexo-II, Use of fire extinguisher. First Aid & Medical Drill, Fire Emergency & Evacuation Drill, Chemical Spill Drill

CSR AWARD



National Forum
for Environment
& Health
www.nfeh.org.pk



CHERAT PACKAGING LIMITED (CPL) WON THE 16TH NFEH'S CSR AWARD 2024 FOR BEST PRACTICES AND GREEN ENERGY INITIATIVES

Cherat Packaging Limited (CPL) participated in 16th annual international summit for Corporate Social Responsibility (CSR) organized by National Forum for Environment & Health (NFEH) Pakistan at Serena Hotel Islamabad on 6th Mar 2024. Cherat Packaging Limited (CPL) won the prestigious awards under the CSR categories "BEST PRACTICES & GREEN ENERGY INITIATIVES" as CPL shown remarkable & magnificent performance for achieving and maintaining the compliances for international / national standards within the country organizations as well as for energy conservations.

The awards along with Certificates of Excellence were received from event special guests (Mr. Chaudhry Latif Akbar, Speaker of Azad, Jammu & Kashmir Legislative Assembly, Dr. Nafisa Shah, Member of National Assembly – Government of Pakistan in presence of guest of honor, the High Commissioner of Sri Lanka in Pakistan, Admiral Ravindra C Wijegunaratne).



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.







Governance

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108	Chairman's Review	127	Non-Executive And Independent Directors' Remuneration Policy
110	Directors' Report to the Members	127	Policy On Related Party Transactions
116	Chairman's significant commitments and any changes thereto	131	Investor's Grievance Policy
116	How the Board operates and the matters delegated to the Management	131	Business Continuity And Disaster Recovery Policy
116	Annual Evaluation of Board, Chief Executive Officer (CEO), Committees and Individual Members	132	Governance Of Risk And Internal Control
116	Directors' Orientation and Training	133	Dividend Policy
116	Governance Practices Exceeding Legal Requirements	135	Diversity, Equality and Inclusion Policy
117	Related Parties	136	Environmental, Social and Governance Policy
117	Statement of Management's Responsibility towards the Preparation and Presentation of Financial Statements	137	Policy on Gender Pay - Gap
117	Detail of Board Meetings Outside Pakistan	138	Business Continuity and Disaster Recovery Plan
117	Female Director	139	Independent Auditor's Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019
117	Independent Directors	140	Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
117	Executive Director(s) serving as Non-Executive and Independent Director in Other Companies / Body Corporate	142	Role and Responsibilities of the Chairman and the Chief Executive Officer
118	IT Governance Policy	144	Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee
119	Human Resource Policies	146	Report of the Audit Committee
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123	Conflict of Interest Policy		
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of Cherat Packaging Limited will be held on Tuesday, October 15, 2024 at 11:00 a.m. at the Registered Office of the Company at Betani Arcade, Jamrud Road, Peshawar, as well as through video link conferencing facility to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 24, 2023.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2024 with the Directors' and the Auditors' Reports thereon.
3. To consider and approve the payment of final cash dividend @ 35% (Rs. 3.50/- per share). This is in addition to an interim cash dividend @10% (Re.1.00 per share) already paid to the shareholders for the financial year ended June 30, 2024 as recommended by the Board of Directors.
4. To appoint Auditors M/s. Grant Thornton Anjum Rahman - Chartered Accountants for the year ended June 30, 2025 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 41 of the Financial Statements during the year ended June 30, 2024, be and are hereby ratified and approved."
 - b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to enter and 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, 2025."

The 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



Asim H. Akhund
Company Secretary

Karachi: August 22, 2024

The Annual Audited Financial Statements of the Company together with the report and documents required under Companies Act, 2017 have been uploaded on the website of the Company which can be downloaded from the following link and/or QR enabled code:

Weblink	QR Code
https://gfg.com.pk/cpl/financial-information/	

NOTES:

1. The register of members of the Company will be closed from Tuesday, October 8, 2024 to Tuesday, October 15, 2024 (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 7, 2024 will be treated in time for the above entitlement.
2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by at the Company's Head Office 48 hours before the meeting.
3. The AGM proceedings will also be held via video through ZOOM application (a video link conferencing facility). Shareholders interested to participate in the meeting are requested to email required information with subject "Registration for Cherat Packaging Limited AGM" along with a valid copy of both sides of Computerized National Identity Card (CNIC) at cdcsr@cdcsrsl.com. Shareholders are advised to mention their full details in the following manner:

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email Address	Mobile Phone No.
	Cherat Packaging Ltd.				

4. Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
5. Members will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.
6. 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.
7. 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.
8. According to Section 119 of the Companies Act, 2017, and Regulation 47 of the Companies (General Provisions and Forms) Regulations, 2024, 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 non-compliance of law or any inconvenience in future.
9. 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.
10. As per Section 72 of the Companies Act, 2017 every 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. Shareholders 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 book entry 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.

11. 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>.
12. The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018, Securities & Exchange Commission of Pakistan has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, the shareholders of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its AGM to be held on Tuesday, October 15, 2024 at 11.00 a.m., in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the shareholders, ballot paper is annexed to this notice and the same is also available on the Company's website at www.gfg.com.pk for the purpose of being downloaded.

Procedure for E – Voting:

13. Details of the e-voting facility will be shared through an e-mail with those shareholders of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 7, 2024.

The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

Identity of the shareholders intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.

E-Voting lines will start from October 11, 2024, 09:00 a.m. and shall close on October 14, 2024 at 5:00 p.m. Shareholders can cast their votes any time during this period. Once the vote on a resolution is casted, he / she shall not be allowed to change it, subsequently.

Procedure for Voting Through Postal Ballot:

14. The shareholders shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman through post on the Company's address, 3rd Floor Modern Motors House, Beaumont Road, Karachi or email at agmcpl@gfg.com.pk one day before the AGM i.e. on October 14, 2024, during working hours. The signature on the ballot paper shall match the signature on the CNIC.
15. 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 their remaining unclaimed dividend/shares are advised to contact the Share Registrar of the Company to collect/inquire about their unclaimed dividend or shares, if any.

16. 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 our Share Registrar to update the record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholders, 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.
17. 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 the ATL. In case a person's name does not appear in the ATL the applicable tax rate will be increased by the hundred percent.
18. In case of joint account, please intimate proportion of shareholding of each account holder along with their individual status on the ATL.
19. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participant, whereas corporate physical shareholders should send a copy of their NTN certificate to CDC Share Registrar Services Limited. The Shareholders while sending NTN or NTN Certificate, as the case may be, must quote the Company name and their respective folio number.
20. 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 the first day of Book Closure.
21. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit Zakat Declaration (Form CZ-50) or its attested photocopy to CDC Share Registrar Services Limited, in order to avoid deduction of Zakat on all future dividends, at the earliest.

Statement Under Section 134 of the Companies Act, 2017

Related Party Transactions

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 15, 2024. The approval of the Members of the Company will be sought for:

During the financial year ended June 30, 2024, 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. 41 of the Financial Statements for the year ended June 30, 2024 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending June 30, 2025.

Party wise breakup of transactions as disclosed in Note no. 41 of the Financial Statements for the year ended June 30, 2024 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs in '000)
Atlas Asset Management Limited	Services Received	271
Atlas Insurance Limited	Insurance Premium	8,993
	Dividend Paid	13,556
Cherat Cement Company Limited	Sale of Packing Material	2,464,884
	Dividend Paid	10,820
	Dividend Received	23,975
	Purchase of Goods	56
Directors, CEO & their spouse(s)	Dividend Paid	6,929
Employees Provident & Gratuity Fund	Contribution to Fund	50,167
Faruque (Private) Limited	Services Received	14,151
	Dividend Paid	15,097
Fauji Cement Company Limited	Sale of Packing Material	571,962
Greaves Airconditioning (Private) Limited	Services Received	21
	Purchase of Goods	351
	Purchase of Fixed Assets	21,561
Greaves Pakistan (Private) Limited	Dividend Paid	7,398
	Purchase of Goods	1,688
	Purchase of Fixed Assets	5,824
Jubilee General Insurance Company Limited	Insurance Premium	39,184
	Dividend Paid	444
Management Association of Pakistan	Services Received	55
Mirpurkhas Sugar Mills Limited	Sale of Packing Material	12,910
	Dividend Paid	7,313
National Foods Limited	Sale of Packing Material	221,187
Pakistan Cables Limited	Purchase of Goods	1,568
Unicol Limited	Sale of Packing Material	31,816
Zensoft (Private) Limited	Software Consultancy Charges	19,747
Key Management Personnel	Remuneration	402,895

The Directors are interested only to the extent of their shareholding and / or common directorship in such related parties. The name of common Directors are mentioned in the aforesaid Note no. 41 of the Financial Statements.



Cherat Packaging Limited

A Ghulam Faruque Group Company

POSTAL BALLOT PAPER

for voting through post for the Special Business at the Annual General Meeting to be held on Tuesday, October 15, 2024, at 11:00 a.m. at the Registered Office of the Company at Betani Arcade, Jamrud Road, Peshawar
UAN: +92 21 111-000-009 Website: www.gfg.com.pk

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

Resolution for Agenda Item No. 6

- a) ***“RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 41 of the Financial Statements during the year ended June 30, 2024, be and are hereby ratified and approved.”***
- b) ***“FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to enter and 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, 2025.”***

INSTRUCTION FOR POLL

1. Please indicate your vote by ticking (✓) the relevant box.

2. In case if both the boxes are marked as (✓), your poll shall be treated as **“Rejected”**.

I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below;

Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Resolution For Agenda Item No. 6		

- Dully filled ballot paper should be sent to the Chairman at 3rd Floor, Modern Motors House, Beaumont Road, Karachi or email at agmcpl@gfg.com.pk
- Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within business hours by or before Monday, October 14, 2024. Any postal ballot received after this date, will not be considered for voting.
- Signature on ballot paper should match with signature on CNIC/ Passport (In case of foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
- In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable.
- Ballot Paper form has also been placed on the website of the Company at: www.gfg.com.pk Members may download the ballot paper from the website.

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date: _____







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 48 years. Presently he is the Chairman of Aga Khan Cultural Service Pakistan, Jubilee General Insurance Co. Ltd. and a Director on the Board of Cherat Cement Company Ltd., and Pakistan Cables Ltd. His association with the Ghulam Faruque Group dates back almost 43 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 Greaves Airconditioning (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd.

In the past, he has 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.

In the past, he has served as Director of NBP Fullerton Asset Management Company (NAFA) and Summit Bank 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 United States of America. He recently completed the Owner President Management Program at Harvard Business School. He is the Chief Executive of Faruque (Pvt.) 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 (LUMS).

Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. 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 Limited. He serves on the Board of Atlas Asset Management Limited, Atlas Insurance Limited, Shirazi Investments (Private) Limited, National Foods Limited, Cherat Packaging Limited, Pakistan Cables Limited, Atlas Foundation, Atlas Vocational Training Institute, National Management Foundation, (sponsoring body of LUMS), and Pakistan Society for Training and Development. 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 Director of Greaves Airconditioning (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd. and Greaves CNG (Pvt.) Ltd. Mr. Vazir is also a member of the Executive Committee of the Management Association of Pakistan and is currently serving as its Vice President.

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 Mimi Bangash is a highly reputed expert in the banking and financial industry, with over 26 years of experience in Singapore, Turkiye and Pakistan. She has a diverse background, having worked in the textile and telecommunications industries, as well as banking, financial services, and investments.

Ms. Bangash holds an MBA in Investment & Finance from the University Of Chicago Booth School of Business where she graduated with Honors and another MBA in Finance & Marketing from LUMS. Her career includes 18 years of C-Suite experience in Corporate & Investment Banking, Private Equity/VC, and Merger & Acquisitions in Pakistan and Singapore. She has also been a founding member of the Competition Commission of Pakistan. Additionally, she has extensive experience with public sector engagements and the IFC/World Bank Group.

As a strategist and result oriented leader, she has demonstrated the ability of setting up and building highly successful companies as well as turning around troubled firms into profitable market players, by driving revenues and growth. In the Fintech and Digital Banking space for the past eight years, Ms. Bangash has served as a consultant for IFC-International Finance Corporation in Singapore, focusing on Digital Banking, Climate/Green Banking, SME, and Gender. She also advised InfoTech Group on Digital Transformation Banking & Capital Markets, represented FINASTRA, and supported FCI Netherlands in launching Supply Chain Financing & Factoring for SMEs. Additionally, she served as an Ambassador for the SME Finance Forum, a G20 initiative managed by IFC.

Ms. Bangash is dedicated to Financial Inclusion, working on projects for underserved Communities, including SMEs, women, youth, and startups. She has been involved in the SME Mark-up Subsidy Scheme and Social Impact Investment. She authored a report on Development Impact Bonds and Blended Finance Vehicles, proposing ESG Screen through Public-Private partnerships to attract private sector investment for achieving SDGs.

As Chairpersons of the ESG Committee for a large cement company, she initiated and now leads the execution strategy for embedding ESG and sustainability in the organization. She has also been involved

in various initiatives like SEZs, Green Sukuk, Environment Endowment Fund. She is currently rolling out ESG in Banking, Climate Finance, and Sustainable Finance in South Asia, East Asia, and Pacific.

Ms. Bangash has held the position of CEO/MD for the World Bank Group's Investment Climate Reform Unit (ICRU), where she significantly improved Pakistan's ranking to 39th on EODB index. She has advised the Ministry of Finance on EODB, Investment Climate, and Financial Inclusion. She was a Founding Member of the Competition Commission of Pakistan, leading Advocacy, Mergers & Acquisitions Review, and Competition Research.

She has been recognized as one of the 100 Most Prominent Women in Anti-Trust globally and won the Miracle Women Award in 2016. Her innovative finance models have supported provincial governments and multilateral organizations. She has also obtained certifications from international institutions like OECD, ICN, and The Hague Academy. As a CEO designate, she was able to turn around the organization and provide unprecedented growth during her tenure.



CHAIRMAN'S REVIEW



After experiencing numerous challenges due to political instability, inflation, and external shocks, Pakistan's economy is expected to stabilize. Growth projections for 2024/25 indicate a modest rebound, depending on global economic conditions and domestic reforms. Government's efforts to bring about fiscal consolidation helped clinch the IMF deal; however, the country needs a long term macroeconomic plan to bring about stability. Pakistan's fiscal and monetary policies are crucial in shaping the economic direction the country takes.

The Company continues to manage changing landscape of the packaging sector especially market requirements and economic challenges while continuing to serve its customers diligently.

With its state-of-the-art equipment, well qualified personnel, and delivering required packaging solutions, it has become one of the leading players in the packaging industry. The Flexible Packaging Division continues to receive encouraging response from the market. During the year, the Company successfully commissioned its second Flexographic printer. Furthermore, it has also decided to establish SOS/Carrier bag project. As part of its strategic realignment and considering shift in consumption patterns of the cement industry, the Company took decision to sell its Papersack lines I, II and V. In a period of high interest rates, the proceeds, so realised, were utilized to lower the debt levels of the Company.

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 direction. 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.

The Company has aligned its strategy to meet the changing demands of its customers thus ensuring sustainable growth and value creation for its stakeholders. In a period characterized by the manifestation of climate change, the Company has directed its focus towards the mitigation of its carbon footprint. This involves active promotion of green energy through utilization of solar and hydroelectric power. This year the company successfully fulfilled around 40% of its energy requirements through sustainable channels. Furthermore, the Company also recycles some of its waste from production process. This accomplishment not only facilitated a reduction in the Company's carbon footprint but also proved to be an economically prudent measure.

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 22, 2024

The Company successfully fulfilled its energy requirements, i.e, around 40%, through sustainable channels

The Company has successfully commissioned its 2nd Flexographic printer.

DIRECTORS' REPORT TO THE MEMBERS

For the year ended 30 June 2024

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, 2024.

OVERVIEW :

Pakistan's economic outlook presents a complex and evolving picture, shaped by both persistent challenges and emerging opportunities. The country's economic trajectory is influenced by a range of factors, including domestic policy decisions, global economic environment, and structural reforms. The economic and financial situation continues to show steady improvement due to prudent policy management and successful conclusion of the IMF Stand-by Agreement program. These developments have led to an improvement in country's overall economic sentiment. Although modest, economic growth is projected to take place for next year and beyond.

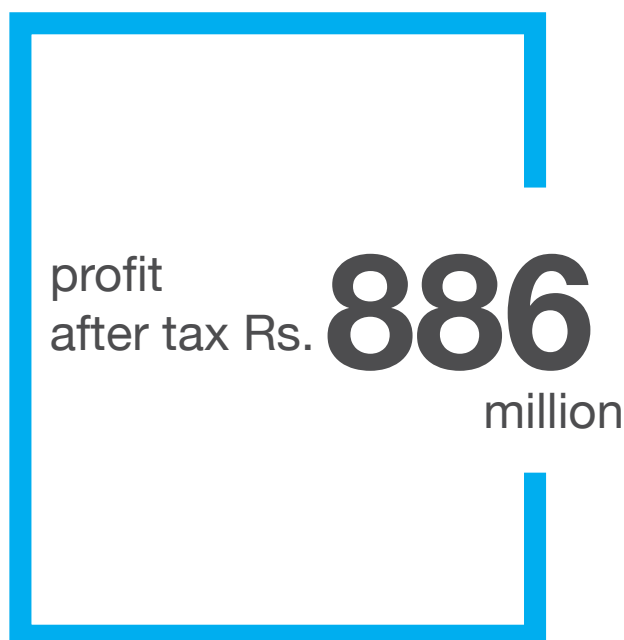
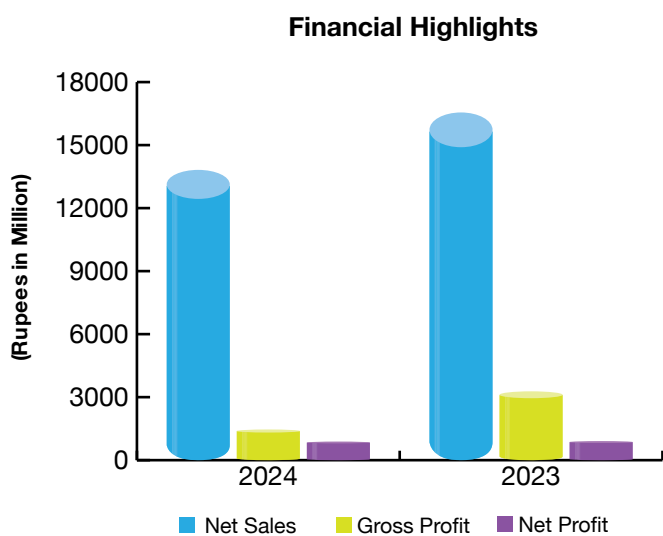
The packaging sector, which is dependent on other industries, has also been affected by an overall economic slowdown in business activities. The Company's operations faced numerous challenges as a consequence of inflationary pressures, higher tax incidence, and increased interest rates, coupled with an uncertain demand outlook.

BUSINESS REVIEW:

In a period of fast evolving dynamics of the packaging sector, the Company has continued to navigate through the challenges by timely strategic decision. As mentioned in our earlier reports, there has been a major shift in the use of packaging materials by the cement industry from papersacks to polypropylene bags because of price differential. Cognizant of the change in the consumption pattern, the Company took necessary measures including the sale of Papersack line I, II and V during the year.

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

	2024	2023
	(Rupees in million)	
Net sales	13,820	16,554
Gross Profit	1,461	3,277
Net Profit	886	908



FINANCIAL PERFORMANCE:

During the year under review, revenues of the Company declined because of shift in demand from papersacks to polypropylene bags by the cement industry, general slowdown in cement dispatches in the country and greater competition in the marketing of polypropylene bags. However, sales revenues of the Flexible Packaging division continued to show a rising trend by attracting new reputable customers and making inroads into unexplored market segments. Because of high inflation in the country especially because of increase in electricity tariff and rise in fuel costs, there was an increase in the cost of various input items. This had an adverse impact on cost of production. In view of significant decline in demand of papersacks, the Company decided to sell Papersack Lines I, II and V during to year and the proceeds had positive impact on other income. The sale proceeds, so realized from the transactions, were utilized towards reducing bank loans in a period of high interest rates. For the year ended June 30, 2024 the Company made an after tax profit of Rs. 886 million.



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 various parameters like Company's financial performance, its business needs, growth prospects and expansion plans. For the year under review, the Board of Directors is pleased to recommend a final cash dividend of Rs. 3.50 per share. This is in addition to an interim cash dividend of Re. 1 per share already paid by the Company.

UPDATE ON PROJECTS:

During the year, the Company commissioned its second Flexographic Printer. It is the most advanced and efficient equipment of its kind, acquired from M/s. Windmoller & Holscher. The Company continues to receive encouraging response from its customers for flexible packaging material. Furthermore, in view of increasing demand, the Company has decided to establish a carrier/SOS bag unit at a cost of approximately Rs. 435 million. The project will be financed through a long term loan and is expected to be completed by March 2025. The addition of the another product category will enable the Company to tap new markets for packaging materials in an effective manner and optimize the utilization of its available resources.

CORPORATE SOCIAL RESPONSIBILITY:

The Company has always strived 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:

The Company strongly believes in maintaining high standards of health and safety for its people and in this regard, has put in place several measures. This includes implementation of protocols on health and employee safety, to respond to the changing business needs. 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 around Rs. 4 billion to the government treasury in form of taxes, excise duty, income tax and sales tax during the year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Key operating and financial data for the last six (6) years in summarized form is annexed.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which occur in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the funds as on June 30, 2024.

Provident Fund	Rs. 389.466 million
Gratuity Fund	Rs. 174.91 million

BOARD OF DIRECTORS:

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

- | | |
|----------------------------------|---|
| • Male Directors | 8 |
| • Female Director | 1 |
| a. Independent Directors | 3 |
| i. Mr. Ali H. Shirazi | |
| ii. Mr. Sher Afzal Khan Mazari | |
| iii. Ms. Maleeha Humayun Bangash | |

- b. Non-Executive Directors 4
- i. Mr. Akbarali Pesnani
 - ii. Mr. Aslam Faruque
 - iii. Mr. Shehryar Faruque
 - iv. Mr. Arif Faruque
- c. Executive Directors 2
- i. Mr. Amer Faruque
 - ii. Mr. Abid Vazir
- d. Female Director 1
- i. Ms. Maleeha Humayun Bangash

- During the year, seven (7) meetings of the Board of Directors were convened. The attendance record of each director is as follows:

Name of Director	Meetings Attended
------------------	-------------------

- | | |
|-------------------------------|---|
| • Mr. Akbarali Pesnani | 7 |
| • Mr. Amer Faruque | 7 |
| • Mr. Aslam Faruque | 6 |
| • Mr. Shehryar Faruque | 6 |
| • Mr. Arif Faruque | 7 |
| • Mr. Ali H. Shirazi | 6 |
| • Mr. Abid Vazir | 7 |
| • Mr. Sher Afzal Khan Mazari | 5 |
| • Ms. Maleeha Humayun Bangash | 5 |

- 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 | 4 |

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

Name of Director	Meetings Attended
------------------	-------------------

- | | |
|------------------------------|---|
| • Mr. Sher Afzal Khan Mazari | 3 |
| • Mr. Aslam Faruque | 3 |
| • Mr. Amer Faruque | 3 |

- The pattern of shareholding is annexed with the report.

- Earnings per share (EPS) during the year was Rs. 18.04 compared to Rs. 18.50 last year.

DIRECTORS' REMUNERATION:

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive

and Independent Directors of the company. The detail of Directors' remuneration is disclosed in Note 40 of the Financial Statements for the year ended June 30, 2024.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND BOARD COMMITTEES:

The Company carries out annual evaluation of the Board of Directors, its Committees and Individual Directors as part of Code of Corporate Governance. Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. To ensure transparency of the process, the Company has engaged an independent audit firm 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.

DIRECTORS' RESPONSIBILITY IN RESPECT TO ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The efficient framework of internal financial controls has been put in place by the Board of Directors to guarantee the smooth and effective execution of operations, protection of company assets, adherence to relevant laws and rules, and dependable financial reporting. The independent Internal Audit function consistently evaluates and oversees the execution of these financial controls, while the Audit Committee assesses the efficiency of the internal controls structure and financial statements on a quarterly basis.

BOARD OF DIRECTORS' COMMITMENT TO ETHICS AND COMPLIANCE:

The Board of Directors of the Company is dedicated to maintaining the highest standards of ethics and compliance. It fosters a culture of integrity and accountability, upholds our code of conduct, supports ethical decision-making, ensures robust compliance programs, and responds appropriately and promptly to any violations.

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 Jhampir, 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 Company has, so far, not yet commenced the operations as the management is evaluating the renewable energy policy of the Government.

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 out the year. The Board of Directors identified potential risks, assessed their impact on the Company and formulated strategies to mitigate risks to the business. A meeting of the Board of Directors was held to discuss and formulate the strategic direction of the Company. These strategies were monitored throughout the hierarchy of the Company.

• 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 is using world renowned ERP system – SAP, which is fully functional through its integrated finance, quality control, supply chain and inventory management modules. In addition, the Company has also implemented SAP Success Factor for HR modules. This allowed the company to match the pace of technological advancement for matching the international standards. Proper access and other controls are in place to ensure security of the system.

The Board recognizes 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. As advised by the Board, cybersecurity audit is conducted by an external consultant every alternate year and any recommendations thereon are properly implemented. There was no cybersecurity breach during the year.

• Strategic Objectives on ESG

The Board is committed to nurturing a sustainable and ethical business. Our strategic goals include environmental management, social responsibility, and robust governance. We are devoted to minimizing our carbon footprint, conserving resources, and protecting ecological variety. Our priorities include fostering diversity, ensuring employee well-being, and engaging with the community. Our decision-making is directed by principles of ethical behavior, transparency, and prudent risk management. The Board fully supports these objectives, reinforcing our pledge to generate lasting value for all stakeholders.

• Sustainability Risks and Opportunities

Company's commitment to sustainability is unwavering. The board has placed a suitable mechanism to ensure governance and oversight of sustainability risks and opportunities as well as diversity, equality and inclusion policies and best practices in corporate and regulatory matters. Our strategic priorities include environmental stewardship, social responsibility, and effective governance. We are dedicated to reducing our carbon footprint, conserving resources, advancing green energy, and managing waste sustainably. Additionally, we emphasize diversity, employee well-being, and community involvement.

• Sustainability-Related Risks

Sustainability-related risks entail the assessment of environmental, social, and governance (ESG) elements. By adopting innovative operational practices, implementing renewable energy policies, and supporting green initiatives, the Company strives to promote a sustainable future. Management has established clear ESG objectives that are aligned with the Company's strategic goal of enhancing sustainable resilience and generating a positive social impact.

The Company has invested substantial resources into advanced, eco-friendly technologies that reflect the principles of responsible consumption and production. A detailed evaluation of existing and potential risks is conducted, pinpointing specific areas of concern according to established frameworks.

- **Diversity, Equity, and Inclusion (DE&I)**
With its multifaceted workforce and communities, the Company advocates the principles of diversity, equity, and inclusion (DE&I). Fostering DE&I is a central focus for the Company and is fundamental to its sustainable and ethical business practices. The Company is actively working to enhance gender and ethnic diversity and inclusion across all tiers, adopting inclusive recruitment strategies, such as utilizing varied job boards and diverse interview panels.
- **Debt Repayment**
The Company has always met its financial obligations and paid all its dues on time. During the year, the Company repaid loans of Rs. 1,116.85 million to the banks.
- **Capital Structure**
The Company's current debt to equity ratio is about 25:75. The gearing ratio is improving as the Company is making regular profits. It will further improve after full capacity utilization.

FUTURE PROSPECTS:

Pakistan's economic prospects for the near to medium term are characterized by cautious optimism. While challenges such as fiscal deficits, energy shortages, and political instability persist, there are also significant opportunities for growth driven by sectoral advancements, structural reforms, and external economic relations. It is critical for the country to follow the ongoing economic reform agenda and concentrate on strategies that ensure stability and foster sustainable growth. Moreover, the new IMF program and its related influx of external funding remain crucial for the sustainability of the economy.

The Company is determined to overcome the current challenges by taking timely decisions to improve its operating results and maintaining market leadership. It is striving to be a leading player in the field of packaging through continuous expansions,

diversification, and realignment of its existing businesses. In a period of rising competition, the Company remains confident of preserving its market share and achieving greater economies of scale. While the macroeconomic conditions remain challenging, your Company is well positioned to capitalize on available market opportunities for continuing growth. The Company has time and again demonstrated its ability to handle adversity while building a long-term business proposition that increases stakeholder value. The Company will continue to mitigate external challenges by leveraging on its financial strength and operational efficiencies. The management of the Company is closely monitoring the economic situation and will continue to take appropriate measures to safeguard the interests of stakeholders.

APPOINTMENT OF AUDITORS:

We would like to thank our present auditors – M/s. EY Ford Rhodes, Chartered Accountants, who have retired and have not offered themselves for reappointment. Following their retirement, M/s. Grant Thornton Anjum Rahman – Chartered Accountants have offered themselves for appointment.

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.

On behalf of the Board of Directors



Akbarali Pesnani
Chairman



Amer Faruque
Chief Executive

Karachi: August 22, 2024

**The Company has
decided to establish a
carrier/SOS bags unit.**

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 41 to the Financial Statements. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

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

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

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

Detail of Board Meetings Outside Pakistan

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

Female Director

Ms. Maleeha Humayun Bangash was re-elected as an Independent female Director on October 24, 2023 on the Board and the requirement for a female director on the board of a listed company has been complied.

Independent Directors

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.

There is no restrictions/bar in the law to earn the remuneration as non-executive directors in other companies.



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.



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.

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.

HR EXCELLENCE

Preparation of Succession Plan

At Cherat Packaging Limited (CPL), preparing a robust Succession Plan is integral to ensuring sustained leadership and business continuity. We view succession planning not as a reactive measure but as a forward-thinking strategy that identifies and develops individuals who can fill key positions in the future. This process starts by recognizing critical roles across the company that are pivotal to our business operations and long-term growth.

We conduct a comprehensive Talent Assessment to evaluate potential successors within the organization. This assessment takes into account not only the employee's current performance but also their competencies, leadership potential, and alignment with CPL's core values. A Gap Analysis is then performed to understand the areas where development is needed, enabling us to customize learning and development programs that focus on bridging these gaps.

At CPL, our succession planning is not limited to top leadership roles. We believe in building a talent pipeline for all critical talent of the organization. By investing in continuous learning, leadership development, and on-the-job coaching, we ensure that high-potential employees are ready for future leadership roles. This ongoing process enables us to nurture a workforce that is capable, agile, and ready to take on future challenges.

Merit-Based Recruitment

At CPL, we are committed to a Merit-Based Recruitment process that ensures fairness, transparency, and the hiring of the most qualified candidates. Our approach is driven by a strict adherence to equal opportunity principles, ensuring that every candidate is evaluated solely on their skills, knowledge, experience, and alignment with our organizational values.

To streamline and enhance the recruitment process, CPL leverages advanced technological tools like SAP SuccessFactors Recruitment Management (RCM). Through Recruitment Management, we efficiently manage job requisitions, job postings, candidate applications, and the selection process, ensuring a smooth and transparent hiring journey. The system allows us to track candidates progress, conduct interviews, and make data-driven decisions on selecting the best talent. SF RCM is also integrated with our onboarding processes, making transitions in to the company seamless for both employees and HR.

The Onboarding process at CPL is designed to welcome new hires and integrate them into our organizational culture effectively. Through the structured programs, we provide them with the resources, training, and support they need to succeed.

By adopting merit-based recruitment practices and

integrating the latest HR technologies, CPL ensures that we consistently attract and retain top talent, contributing to the company's growth and operational excellence.

Performance-Based Appraisal

At Cherat Packaging Limited, our Performance-Based Appraisal system is a key driver of employee engagement, development, motivation and organizational success. We believe that performance should be the foundation for both individual and organizational growth, which is why we place such a strong emphasis on recognizing and rewarding employees based on their achievements and contributions.

CPL utilizes SAP SuccessFactors Performance Management and Goals Management (PMGM) to standardize and automate our performance management processes. SF PMGM allows us to set clear and measurable goals for employees at the beginning of each performance cycle, aligning their objectives with the broader business goals of the organization. Throughout the year, managers can track progress, provide candid and regular feedback hence fostering a culture of continuous improvement.

At the end of the performance cycle, employees are appraised based on their achievements against their set goals, and their competencies in relation to CPL's core values. SF PMGM provides comprehensive insights, ensuring that our appraisals are fair, transparent, and cover both qualitative and quantitative data. High-performing employees are recognized and rewarded, while development plans are created for those needing additional support, ensuring that every individual has the opportunity to grow and excel.

Our performance-based appraisal system not only helps us recognize and reward top talent but also motivates employees to reach their full potential, driving CPL's continued success.

Promotion, Reward, and Motivation

At CPL, we understand that recognizing and rewarding employee contributions is fundamental to maintaining a motivated, engaged and high-performing workforce. Our Promotion, Reward, and Motivation strategy is built on principles of fairness, transparency, and alignment of individual performance with organizational performance. We firmly believe that career advancement should be based on merit, and as such, promotions at CPL are awarded to employees who consistently demonstrate strong performance, leadership qualities, and alignment with our core values.

In addition to promotions, CPL offers a variety of reward programs to celebrate exceptional achievements. These rewards can take the form of bonuses, public recognition,

or special awards for outstanding contributions. Our rewards system is designed to create a culture of appreciation, where employees feel valued for their hard work and dedication.

Motivation is fostered not just through financial rewards but also by creating an environment where employees are given opportunities for growth and development. By providing challenging projects, leadership opportunities, and continuous feedback, we ensure that every employee at CPL feels empowered and motivated to contribute towards the company's success.

Training and Development

At Cherat Packaging Limited, we view Training and Development as key to both organizational success and employee satisfaction. Our philosophy is that continuous learning and development are essential to maintaining a workforce that is skilled, innovative, and prepared for future challenges.

CPL offers a range of training programs tailored to meet the diverse needs of our employees. These include technical training for operational staff, leadership development programs for emerging leaders, and skills enhancement workshops for all employees. We also offer e-learning opportunities that enable employees to learn at their own pace, ensuring that they can continuously improve and stay updated with industry trends.

Additionally, CPL promotes mentorship and coaching, where senior employees mentor junior staff, sharing their expertise and guiding them in their career development. This not only helps with knowledge transfer but also fosters a collaborative and supportive work environment. Our comprehensive approach to training and development ensures that CPL remains a learning organization, where employees are equipped with the skills and knowledge to drive our company forward.

Gender and Race Diversity

Our company is committed to fostering an inclusive and equitable workplace where all employees are treated with equality, fairness and respect. Employee's compensation is determined solely based on the seniority, experience, roles, responsibilities, and performance, regardless of gender.

We continually strive to maintain that there should be no gender pay gap within our organization, ensuring that every team member is valued and rewarded equitably for their contributions.

Employee Engagement and Feedback

At Cherat Packaging Limited, Employee Engagement is a top priority, as we believe that an engaged workforce is a productive workforce. We strive to create an environment where employees feel connected to the

Company's mission, empowered in their roles, and motivated to contribute to the company's success.

Our approach to employee engagement involves regular communication, feedback mechanisms, and involvement in decision-making processes. CPL regularly conducts pulse surveys to gather feedback on various aspects of the workplace, from job satisfaction to leadership effectiveness. This feedback is carefully analyzed and used to make improvements in policies, practices, and the work environment.

In addition to surveys, we encourage open channels of communication between employees and management. Whether through one-on-one meetings, town halls, or suggestion boxes, we value employee input and believe in taking action on their feedback. This two-way communication fosters a culture of trust, transparency, and collaboration.

By prioritizing employee engagement and feedback, CPL ensures that we maintain a motivated and committed workforce which is driving the company's overall success and growth.



SAFETY OF RECORDS POLICY

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

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



CONFLICT OF INTEREST POLICY

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

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

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

Management of Conflict of Interest

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

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

WHISTLE BLOWER POLICY

OBJECTIVE

The objective of this policy is to provide a platform and mechanism for directors, employees and suppliers to properly address bona fide concerns within the organization without fear of reprisal.

It encourages directors, employees and suppliers about their duty to report any suspected activity that violates any law applicable to the Company, its Core Values or Code of Conduct.

This 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.

POLICY STATEMENT

Cherat Packaging Limited ("CPL") is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, CPL has developed a Whistle Blowing Policy to lodge complaint or to bring in the knowledge of the competent authority any unfair treatment, fraudulent, immoral, unethical or malicious activities or discrimination or some other type of adverse occurrence that violates a law, regulation, policy, morals and/or ethics and especially those matters that jeopardize the credibility and reputation of the company. The whistle can be blown by any director, employee or supplier without fear of punishment/unfair treatment.

SCOPE/APPLICABILITY

This policy is applicable to directors, all permanent and third party employees and suppliers of Cherat Packaging Limited.

The whistleblower may report or raise any concern which he/ she believes is unethical or contradictory to the code of conduct of the organization, which may include the following acts.

- Fraud
- Financial malpractice
- Failure to comply with applicable legal requirements or company policy.
- Improper conduct or unethical behavior, including breach of the company's code of conduct, business integrity or ethics;
- Attempts to conceal any material facts or misrepresentation;
- Negligence causing substantial and specific danger to employees' health, safety or environment;
- Any unlawful act whether criminal/civil;
- Colluding with third parties/associates to exploit or cause harm to the company;
- Manipulation of company data/ records;
- Unauthorized use, employees' system password acquisition, access or disclosure of confidential/proprietary information;
- Abuse of authority;
- Misappropriation or unauthorized use of company funds/assets

All complainants are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and not maliciously or for personal gain. All disclosures are required to be made in writing. Disclosures made anonymously will not be entertained. Disclosures made will be investigated fully including interviews with all the witnesses and other parties involved. All whistle blowing disclosures made are treated as confidential and the identity of the whistleblower is protected at all stages in any internal matter or investigation.

Disciplinary action (up to and including dismissal) may be taken against the wrongdoer depending on the results of the investigation.

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



INSIDER TRADING POLICY

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

The general guidelines within the policy state that:

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

The Company's Responsibility to Disclose Inside Information

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

INFORMATION SYSTEM SECURITY POLICY

Objective

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

Policy

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

NON-EXECUTIVE AND 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. It is responsibility of each employee to adhere to the Policy.

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-
- the parties to the transaction were unrelated in any way;
 - 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:
- 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 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.
 - 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;
 - 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;
 - 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;
 - any person on whose advice, directions or instructions a director or manager is accustomed to act;
 - 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
 - such other person as may be specified.
 - relative means spouse, siblings and lineal ascendants and descendants of a person.

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

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

Types of related party transactions

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

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

Disclosure and Approval of Related Party Transactions

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

- (i) name of related party;
- (ii) names of the interested or concerned persons or directors;
- (iii) nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;
- (iv) detail, description, terms and conditions of transactions;
- (v) amount of transactions;
- (vi) timeframe 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 alongwith his relatives, any shares of its paid up share capital;
- iv. any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of the director or manager;
- v. any person on whose advice, directions or instructions the director or manager is accustomed to act.

Terms of the policy

The terms of reference for the Policy are as follows:

- i. The management shall obtain approval of the policy by the Board;
- ii. The management may enter into any contract or arrangement with a Related Party only in accordance with the policy approved by the Board, subject to such conditions as may be specified;
- iii. The management shall obtain approval of the Board for contracts that are not on arm's length basis or not in the ordinary course of business;
- iv. The management shall present all Related Party transactions to the Audit Committee for their recommendation to the Board for approval;
- v. Every contract or arrangement entered into with a Related Party shall be referred to in the Board's report to the shareholders along with justifications;
- vi. Management shall maintain records of the transactions undertaken with Related Parties;
- vii. If a director or any other employee enters into any contract or arrangement with a Related Party without obtaining the consent of the Board or approval by a special resolution in the general meeting, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 90 days from the date of the contract, such contract or arrangement shall be voidable at the discretion of the Board.

Maintenance of Records

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

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

Pricing Methodology

Any related party transactions carried out on arm's length basis 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.



GOVERNANCE

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.



DIVIDEND POLICY

Introduction

This policy outlines Cherat Packaging Limited's approach to declaring and distributing dividends, balancing shareholder returns with company growth needs.

Objectives

- Provide consistent shareholder returns.
- Maintain financial flexibility for growth.
- Balance shareholder rewards with retained earnings for future growth.

Dividend Declaration

Dividends are declared at the Board's discretion, considering:

- Profitability and financial condition.
- Cash flow and capital needs.
- Legal and regulatory requirements.
- Contractual obligations.

Types of Dividends

Dividends may be:

- **Cash Dividends:** Regular cash payments.
- **Stock Dividends:** Additional shares.

Payment Frequency

Dividends are typically paid quarterly, bi-annually or annually as appropriate.

Retained Earnings

Earnings are retained to:

- Fund growth and capital expenditures.
- Maintain financial stability.
- Comply with legal requirements.



DIVERSITY, EQUALITY AND INCLUSION POLICY

Introduction

Cherat Packaging Limited is committed to fostering, cultivating and preserving a culture of diversity, equality 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 also our reputation and the company's achievements as well.

Purpose

Definitions:

- **Diversity:** Embracing and valuing the diverse backgrounds, experiences, and perspectives of our employees. We believe that diversity enhances our creativity, innovation, and decision-making.
- **Equality:** Ensuring equal opportunities for all employees in recruitment, development, and advancement. We are dedicated to eliminating barriers and biases that may hinder the full participation of any individual.
- **Inclusion:** Creating a supportive and respectful environment where every employee feels included and can thrive. We promote a culture of open dialogue and collaboration, where differences are celebrated and everyone's contributions are recognized.

We aim to foster a diverse, equitable and inclusive workplace where our employees feel valued, respected, and empowered to contribute their unique perspectives and talents irrespective of their age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, socio-economic status, veteran status, and other characteristics that make our employees unique.

All employees of Cherat Packaging Limited have a responsibility to treat others with dignity and respect at all times. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Cherat Packaging Limited's diversity, equality and inclusion 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 programmes; layoffs; terminations; and the ongoing development of a work environment 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 a greater understanding and respect for diversity.

This policy supersedes the previously approved Diversity Policy of the Company as it distinctively addresses equality and inclusion in addition to diversity aspects.

Scope

This policy applies to all employees, officers, and directors of the Company and it covers recruitment, promotions, training, compensation, and daily operations to ensure a diverse, equal, and inclusive workplace.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE POLICY

Introduction

Cherat Packaging Limited is committed to integrating Environmental, Social, and Governance (ESG) considerations into its business strategies and operations; it has been taking numerous initiatives at both the plants, regional offices and head office. It recognizes that responsible management of these factors is essential for the long-term success of the company and for creating sustainable value for all its stakeholders.

Purpose

The purpose of this statement is to outline and map our continuing commitments towards sustainability, social responsibility, and good governance. It provides a framework for incorporating ESG considerations into our decision-making processes, risk management, and reporting.

This policy supersedes the previously approved Social and Environmental Responsibility Policy of the Company as it extensively addresses the Environment, Social & Governance guidelines.

Scope

This statement applies to all employees, officers, and directors of Cherat Packaging Limited. We also expect our business partners, suppliers, and contractors to adhere to similar principles.

1. Environmental Responsibility

Our commitment towards minimizing our environmental footprint and promoting environmental stewardship includes:

- a. Climate Change: Assessing and mitigating the risks and opportunities associated with climate change.
- b. Energy and Emissions: Reducing greenhouse gas emissions through energy efficiency, renewable energy, and other measures.
- c. Sustainable Resource Management: Efficiently using natural resources and reducing waste.
- d. Pollution Prevention: Preventing pollution and minimizing environmental impacts from our operations.
- e. Biodiversity and Land Use: Protecting biodiversity and responsibly managing land use.

2. Social Responsibility

Our commitment towards making a positive impact on society by promoting social equity, diversity, and community well-being includes:

- a. Diversity and Inclusion: Fostering a diverse and inclusive workplace where all employees are treated with respect and have equal opportunities.
- b. Employee Well-being: Ensuring a safe, healthy, and supportive work environment for our employees.
- c. Community Engagement: Actively engaging with and supporting the communities where we operate.

3. Governance

Our commitment towards maintaining strong governance practices that promote transparency, accountability, and ethical behavior includes:

- a. Risk Management: Integrating ESG risks into our risk management framework.
- b. Board Oversight: Ensuring effective oversight of ESG matters by our Board of Directors.
- c. Reporting: Providing transparent and accurate reporting on our ESG performance.
- d. Compliance: Adhering to all applicable laws, regulations, and industry standards.
- e. Ethical Business Practices: Conducting our business with the highest ethical standards and integrity.



POLICY ON GENDER PAY-GAP

Background

As per SECP's Circular No. 10 of 2024 dated April 17, 2024, the Board is directed to include a statement in the Annual Report on gender pay gap and make it available on company's website.

Policy Statement

Our company is committed to fostering an inclusive and equitable workplace where all employees are treated with equality, fairness and respect. Employee's compensation is determined solely based on the seniority, experience, roles, responsibilities, and performance, regardless of gender.

We continually strive to maintain that there should be no gender pay gap within our organization, ensuring that every team member is valued and rewarded equitably for their contributions.



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

SAP Solutions: the company utilizes cloud solutions provided by SAP for both its production and disaster recovery sites. This setup ensures uninterrupted IT functions even if there is infrastructural damage at one site.

Non-SAP Solutions: For data not related to SAP, the company's production site is co-located, with a disaster recovery site at the Karachi head office. This setup ensures that the company can continue its operations smoothly in the event of a disaster.

Geographic Redundancy: The company operates multiple locations across Pakistan, allowing seamless continuation of operations from any of these sites.

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 (the Company) for the year ended 30 June 2024 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 2024.

Chartered Accountants

Place: Karachi

Date: 6 September 2024

UDIN Number CR202410120ARCLxZY2f

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended June 30, 2024

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 their date of approval or updating is maintained by the company;

6. 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 the 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 are either exempt or have attended Directors' Training program till June 30, 2024:

Name of Directors and Executives

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 & 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



Amer Faruque
Chief Executive

Karachi: August 22, 2024

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.
- promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
- reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

SALIENT FEATURES OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE AND THE HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Audit Committee

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

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

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2023-24, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Head of Internal Audit attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of reference of Audit Committee

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

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

The Committee shall;

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

Board of Directors, focusing on:

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

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

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

Human Resource & Remuneration Committee

Mr. Sher 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;
- v. carry out consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company; and
- vii. carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

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

Strategy and Performance

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

REPORT OF THE AUDIT COMMITTEE

Audit Committee

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

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

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2023-2024. Based on reviews and discussions in these meetings, the Audit Committee reports that:

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

Internal Audit And Risk Management

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

basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

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

External Audit

1. The external auditors M/s. EY Ford Rhodes, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Our present auditors M/s. EY Ford Rhodes, Chartered Accountants, who have retired and have not offered themselves for reappointment. Following their retirement, the Audit Committee has recommended, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, who have offered themselves for appointment as External Auditor of the company for the year ending June 30, 2025.
4. The Company 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



Ali H. Shirazi
Chairman

August 20, 2024





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ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

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

The Company produces annual budget based on the inputs from all of its departments like marketing, production, procurement, IT, HSE etc. These inputs are assembled into a master budget which is presented to Board of Directors. The BOD, after deliberations and discussions, approves the master budget. The Company continuously monitors cash flows, gearing and liquidity to evaluate the deviation and take corrective measures to keep all indicators within the larger range.

FINANCIAL INDICATORS

Actual Results

Year 2023-24 was a challenging one for the Company. The Company's operations faced numerous challenges as a consequence of inflationary pressures, higher tax incidence, and increased interest rates, coupled with an uncertain demand outlook.

For the year ended June 30, 2024 the Company made a net profit of Rs. 886 million. Summarized operating performance of the Company for the current year as compared to last year is as follows:

	2024	2023
	----- (Rupees in million) -----	
Net sales	13,820.15	16,554.26
Cost of sales	12,358.78	13,277.19
Gross profit	1,461.37	3,277.07
Expenses & taxes	575.48	2,368.82
Net Profit	885.89	908.25

Quantitative further analysis of sales is listed below:

	2024	2023
	----- (Quantity in million) -----	
Local sales (Bags)	138.45	246.64
Export sales (Bags)	3.71	1.00
Total sales (Bags)	142.16	247.64
Flexible Packaging (Kgs)	7.85	6.89

During the year, the decline in revenue of the Company was because of shift in demand from papersacks to polypropylene bags by the cement industry, general slowdown in cement dispatches in the country, use of bulk cement and greater competition in the marketing of polypropylene bags. Nonetheless, there was a significant growth in the revenues and profitability of the Flexible Packaging division. The revenues and profit before unallocated expenses of Flexible Packaging Division increased by Rs. 1,723 million and Rs. 614 million, respectively. The division was able to achieve that by attracting new reputable customers and making inroads into unexplored market segments.

Further, the demand of papersacks declined in the recent times due to market's shift towards polypropylene bags. The Company, being cognizant of this fact, took the necessary measures and disposed of its Papersack lines I, II and V during the year. The proceeds from this transaction not only positively impacted other income but also helped the Company in reducing its short term bank borrowings.

In Rupee terms, sales analysis is reproduced below:

	2024	2023
	------(Rupees in million)-----	
Local sales		
Kraft Paper & Polypropylene Bags	6,564.61	11,133.92
Flexible Packaging	7,066.70	5,344.10
Export sales - Cement Packaging	188.85	76.24
Total sales	13,820.15	16,554.26

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:

	2024 (Actual)	2024 (Budget)
	------(Rupees in million)-----	
Net sales	13,820.15	19,578.39
Cost of sales	12,358.78	16,909.69
Gross Profit	1,461.37	2,668.70
Expenses & taxes	575.48	1,245.38
Net Profit	885.89	1,423.32

The Company projected moderate growth based on the prevailing economic conditions and expectations at the beginning of FY 2024. However, a shift in demand from paper sacks to polypropylene bags by the cement industry, a general slowdown in cement dispatches and increased competition in the polypropylene bag market led to a decline in BMD's sales. On the other hand, the Company was able to surpass its budget for FPD sales revenue. The Company was able to achieve that due to effective marketing strategies, efficient production, strong management, and rising demand for FMCG products. Moreover, there was an increase in production expenses due to high inflation. Increase in electricity tariffs and rising fuel costs also had a negative impact on the production expenses.

The Company met its non-financial targets in the areas of marketing, human resources and growth to a greater extent.

Dividend

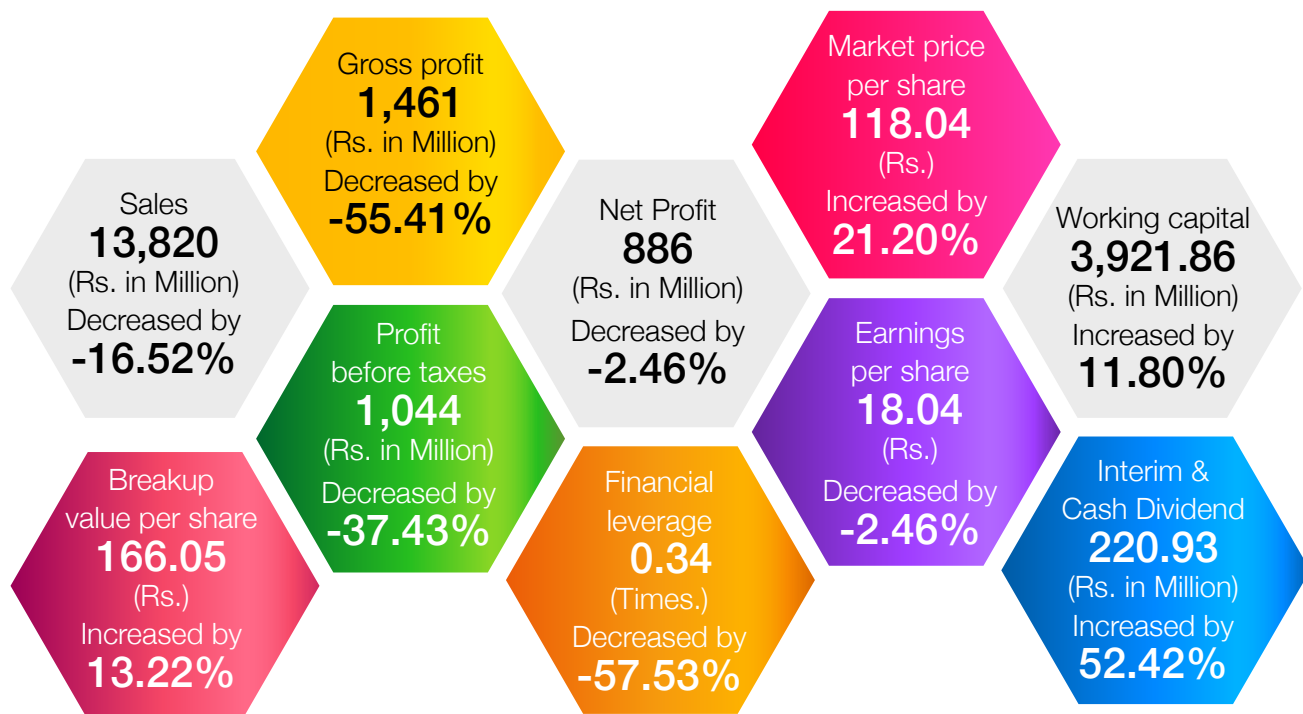
The Company has a legacy of paying dividends. This year, the Company announced / paid 45% cash dividend for the year 2024 which includes interim dividend of 10%.

Payment on Account of Duties, Taxes, Levies etc.

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

KEY PERFORMANCE INDICATORS

Financial Indicators



Methods and Assumptions in Compiling Indicators

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

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

Market price is the measure of perception of the Company in the market. Market price of the Company's shares increased mainly due economic conditions and policies brought in by the Government.

The Company manages its dividend policy with the purpose of increasing shareholder's 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. Cash flow from operating activities increased mainly due to stock rationalisation in line with change in demand patterns and prompt customer recoveries.

NON FINANCIAL INDICATORS

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

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

CHANGE IN INDICATORS AND PERFORMANCE MEASURES

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

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

Change in important indicators is as follows:

Change in Financial Indicators

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

Financial Leverage

Long term loan of the Company is currently at Rs. 2.68 billion. These loans mainly consist of Rs. 1.97 billion related to Flexible Packaging (excluding loan obtained for solar power project) while other Rs. 0.72 billion relates to previous expansion in PP and loan obtained for solar power project. 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 2024, working capital of the Company increased as compared to last year mainly because of proceeds from sale of KP Lines I, II & V and effective working capital management.

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

The Company ensures to keep better relations with suppliers and with its 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-23	Dec-23	Mar-24	Jun-24	Total
------(Rupees in '000)-----					
Turnover - net	3,823,519	3,632,481	3,271,419	3,092,734	13,820,153
Cost of sales	(3,241,541)	(3,184,498)	(3,059,543)	(2,873,200)	(12,358,782)
Gross profit	581,978	447,983	211,876	219,534	1,461,371
Selling expenses	(69,129)	(64,755)	(63,416)	(58,868)	(256,168)
Administrative expenses	(50,616)	(45,576)	(45,345)	(43,882)	(185,419)
Other charges	(9,170)	(5,355)	(94,290)	(24,211)	(133,026)
	(128,915)	(115,686)	(203,051)	(126,961)	(574,613)
Other income	63,590	33,280	880,024	17,953	994,847
Operating profit	516,653	365,577	888,849	110,526	1,881,605
Finance cost	(297,757)	(252,236)	(163,758)	(123,979)	(837,730)
Profit before income tax and final taxes	218,896	113,341	725,091	(13,453)	1,043,875
Taxation (including final taxes)	(80,878)	(41,349)	(76,632)	40,876	(157,983)
Net profit	138,018	71,992	648,459	27,423	885,892



QUARTERLY RESULTS ANALYSIS

Quarter 1

Sales:	Revenue for the first quarter of financial year 2024 decreased compared to the June quarter of financial year 2023 due to reduction in average sales prices. Further, a decline in dispatches of PSD contributed to the decrease. However, this impact was partially offset by an increase in dispatches of PPD and FPD.
Cost of sales:	Cost of sales rose primarily due to increase in fixed costs.
Operating profit:	The Company's operating profit decreased when we compare it with last quarter due to decrease in sales and increase in cost of sales, as discussed above.
Net Profit:	In addition to the reasons mentioned above, the Company's net profit also declined compared to the previous quarter due to an increase in finance costs.

Quarter 2

Sales:	Revenue primarily decreased due to decline in dispatches. However, the impact was mitigated by increase in average sales prices.
Cost of sales:	Cost of sales decreased in line with decrease in sales revenue / dispatches.
Operating profit:	The Company's operating profit declined as a result of decrease in sales.
Net Profit:	Due to the reasons mentioned above, the Company's net profit declined. However, reduction in finance cost minimized the impact.

Quarter 3

Sales:	In the third quarter, sales decreased majorly due to decline in dispatches of BMD.
Cost of sales:	Cost of Sales decreased as a result of decline in dispatches.
Operating profit:	Operating profit of the Company significantly increased due to rise in other income by Rs. 847 million. Other income increased because of gain on disposal of asset classified as held for sale. However, as discussed above, reduction in dispatches had a negative impact on operating profit.
Net Profit:	Increase in net profit is in alignment with the increase in operating profit.

Quarter 4

Sales:	Decline in sales by Rs 179 million is primarily attributable to decrease in dispatches.
Cost of sales:	Reduction in cost of sales is due to decrease in dispatches.
Operating profit:	As discussed above, operating profit significantly increased in the last quarter due to gain on sale of assets classified as held for sale. As a result of which, operating profit of the Company declined by 88% in the fourth quarter.
Net Profit:	Due to the reasons mentioned above, the Company's net profit declined. However, reduction in finance cost helped in mitigating the impact.

RATIOS

Ratio Description	Unit	2024	2023	2022	2021	2020	2019
Profitability Ratios:							
Gross Profit ratio	%	10.57	19.80	17.14	17.22	12.44	17.31
Net Profit to Sales	%	6.41	5.49	6.56	7.60	0.74	6.95
EBITDA Margin to Sales	%	16.18	19.70	16.56	17.04	12.97	18.10
Operating leverage ratio	Times	2.09	2.33	0.94	4.12	(1.47)	2.17
Return on Equity	%	11.54	13.50	14.40	15.81	1.52	12.53
Return on Capital employed	%	8.18	8.87	9.85	9.69	0.93	7.66
Effective tax rate	%	15.13	45.56	36.54	28.65	28.82	14.73
Shareholder's Funds	%	59.10	43.82	41.92	47.98	42.78	39.35
Return on Shareholders' Funds	%	10.87	12.61	14.16	14.16	1.47	12.60
Total Shareholder Return	%	25.82	2.64	-41.97	74.06	61.17	-31.46
Liquidity Ratios:							
Current ratio	Times	2.68	1.60	1.50	1.69	1.59	1.56
Quick / Acid test ratio	Times	1.42	0.66	0.71	0.89	0.84	0.75
Cash to Current Liabilities	Times	0.04	0.01	-	0.01	-	-
Cash flow from Operations to Sales	Times	0.30	0.17	0.04	0.13	0.17	(0.10)
Cash flow to capital expenditures	Times	3.96	2.05	0.27	5.79	5.55	(1.15)
Cash flow coverage ratio	Times	1.47	0.84	0.09	0.54	0.56	(0.24)
Investment / Market Ratios:							
Earnings per share (EPS)	Rs.	18.04	18.50	18.04	20.12	1.65	13.24
Price to book ratio	Times	0.71	0.66	0.77	1.40	1.04	0.70
Market Value Per Share at the end of the year	Rs.	118.04	97.39	112.92	198.91	117.15	80.64
Low during the year	Rs.	87.75	80.00	93.56	119.44	49.16	80.00
High during the year	Rs.	140.74	132.00	204.00	249.28	138.49	192.45
Price Earnings ratio	Times	6.54	5.26	6.26	9.89	70.90	6.09
Break up value per share*	Rs.	166.05	146.66	147.17	142.09	112.32	115.58
Dividend Yield ratio	Times	0.04	0.03	0.02	0.03	0.01	0.06
Dividend Payout ratio	Times	0.25	0.16	0.14	0.25	0.61	0.38
Dividend Cover ratio	Times	4.01	6.27	8.33	4.02	1.65	2.91
Cash Dividend	Rs.(000')	220,929	144,949	106,267	212,535	42,507	193,220
Cash Dividend per share	Rs.	4.50	3.00	2.50	5.00	1.00	5.00
Stock Dividend	%	-	5.00	10.00	-	-	10.00
Capital Structure Ratios:							
Financial leverage ratio	Times	0.34	0.81	0.96	0.78	1.14	1.31
Weighted average cost of debt	%	20.42	15.44	8.74	7.91	14.20	9.18
Net borrowing / EBITDA	Times	1.21	1.78	2.67	2.46	4.42	3.97
Average operating working capital as %age of sales	%	41.29	42.02	45.61	45.50	53.98	53.07
Debt to Equity ratio	Times	25 : 75	30 : 70	30 : 70	32 : 68	37 : 63	39 : 61
Interest Cover ratio	Times	2.25	2.39	3.88	4.11	1.13	2.30
Activity / Turnover Ratios:							
Inventory turnover ratio	Times	2.94	2.62	2.86	3.23	2.87	2.61
No. of Days in Inventory	Days	122	137	126	112	125	138
Debtor turnover ratio	Times	5.85	6.15	5.30	5.33	5.34	6.17
No. of Days in Receivables	Days	62	59	68	68	67	58
Total Assets turnover ratio	Times	1.00	1.01	0.90	0.89	0.85	0.71
Fixed Assets turnover ratio	Times	2.07	2.76	2.43	2.24	1.85	1.57
Creditor turnover ratio	Times	7.34	10.68	12.75	16.29	18.25	19.16
No. of Days in Creditors	Days	49	34	28	22	20	19
Operating Cycle	Days	135	162	165	157	172	177
Employee Productivity Ratios:							
Production per employees	Rs.	39,981	40,375	37,926	36,705	32,632	29,963
Revenue per employee	Rs.	45,611	50,625	44,416	44,841	37,150	35,342
Staff turnover ratio	%	9.52	5.38	8.66	5.53	4.55	4.98
Non Financial Ratios:							
% of Plant Availability (BMD)	%	32.78	36.15	47.42	54.99	45.91	46.42
% of Plant Availability (FPD)	%	50.21	54.33	60.69	45.62	47.94	15.15
Others:							
Spare inventory as a % Assets costs	%	3.79	2.90	2.60	2.71	2.49	2.29
Maintenance cost as % of Operating expenses	%	3.57	2.71	2.50	2.35	2.54	2.15

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

COMMENTS ON RATIOS

Profitability

In recent years, the company has achieved impressive profitability indicators, primarily attributable to better decision-making processes and the company's dedicated efforts towards improvement. In the current year, the Company's gross profit declined because of shift in demand from papersacks to polypropylene bags by the cement industry, general slowdown in cement dispatches in the country and greater competition in the marketing of polypropylene bags. However, the revenues and profitability of the Flexible Packaging division continued to increase. In the current year, Flexible Packaging Division's profit before unallocated expenses increased by Rs 610 million.

During the year, the Company made a disposal of its Papersack Lines I, II and V since there was a significant decline in demand of paper sack bags. The proceeds of that disposal had a positive impact on other income of the Company.

Liquidity

Liquidity ratios represent important category of financial ratios employed to assess company's ability to meet its current debt obligations. Liquidity ratios improved during the year due to rationalization of stock in line with change in demand patterns, proceeds from the disposal of assets classified as held for sale, timely recoveries from customers and overall effective working capital management.

Investment / Market

Investment / Market ratio reflects a company's overall performance. During the year, the Company's EPS declined by Rs. 0.46 due to factors discussed under the "Profitability" heading. Further, the market price of the Company's shares increased compared to last year, with a rise of approximately 21.20% (from Rs. 97.39 in 2023 to Rs. 118.04 this year). The share price was influenced by prevailing economic and market conditions.

Capital Structure

The company continuously monitors its capital structure and aims to keep it at its optimum level. Financial leverage has improved during the year due to reduction in the overall borrowings (including short term borrowings). The borrowing reduced during the year because realization of proceeds from the disposal of assets classified as held for sale, rationalization of stock in line with change in demand patterns, timely recoveries from customers and overall effective working capital management.

Activity / Turnover

The company observed a decrease in inventory turnover days as compared to last year due to rationalization of inventory in line with change in demand patterns. 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. Over the last two years, the Company has improved its debtor turnover days by promptly recovering payments from its customers. The Company believes in strong relations with its vendors to assure smooth supply of goods and services which is why it strives to keep the creditors at optimum level.

Employee Productivity Ratios:

The company has consistently made significant efforts to improve the working environment for its employees, aiming to maintain their motivation and improve overall productivity and performance. Over the years, the company has witnessed an increase in employee productivity due to improved human resource management and an effective recruitment process.

Non Financial Ratios:

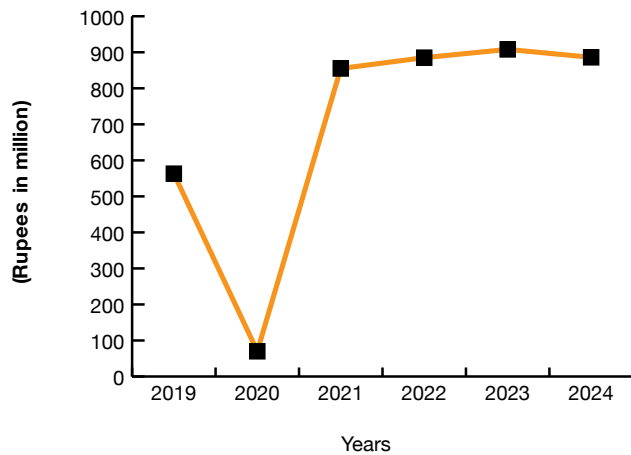
The history of Cherat Packaging is marked with expansions and growth. In the month of May 2024, the Company made further expansions in FPD through commissioning 2nd Flexo printer. This installation will help the Company to effectively cater customers demand and utilize its resources in an optimum manner. Moreover, shift in demand from papersacks to polypropylene bags by the cement industry, general slowdown in cement dispatches in the country and greater competition in the marketing of polypropylene bags had an impact on the capacity utilization of BMD.

Other Ratios:

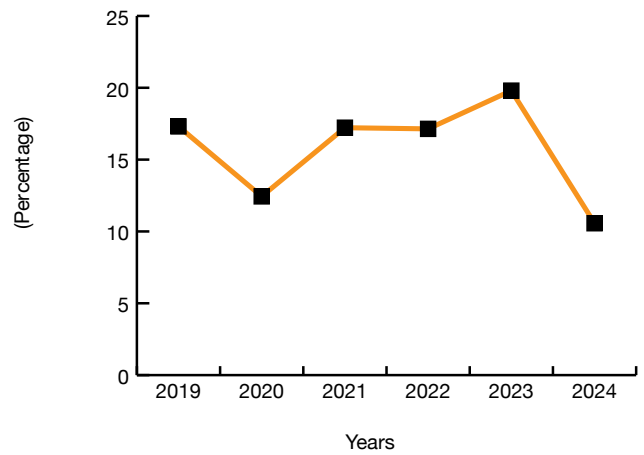
The Company has installed state-of-the-art machineries from reputable vendors. As a result, the company not only benefits from quality performance and production efficiency, but also maintains low maintenance costs/spare parts inventories. Moreover, the ratios mentioned have increased slightly in recent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

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

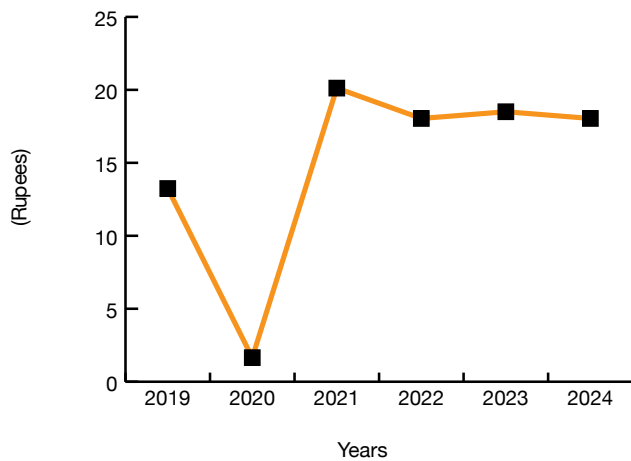
Profit After Tax



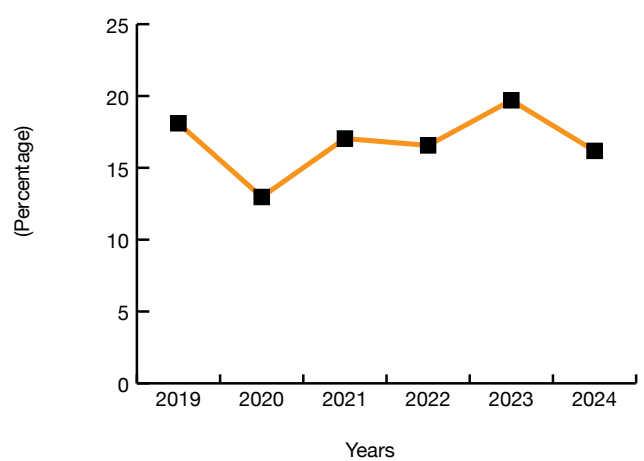
Gross Profit



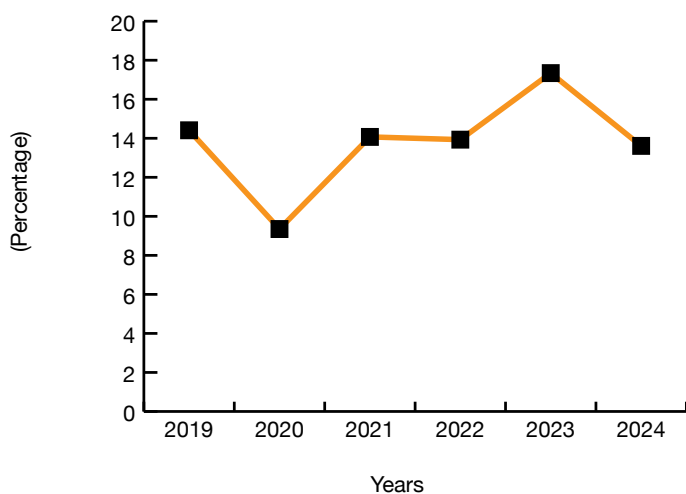
Earning Per Share



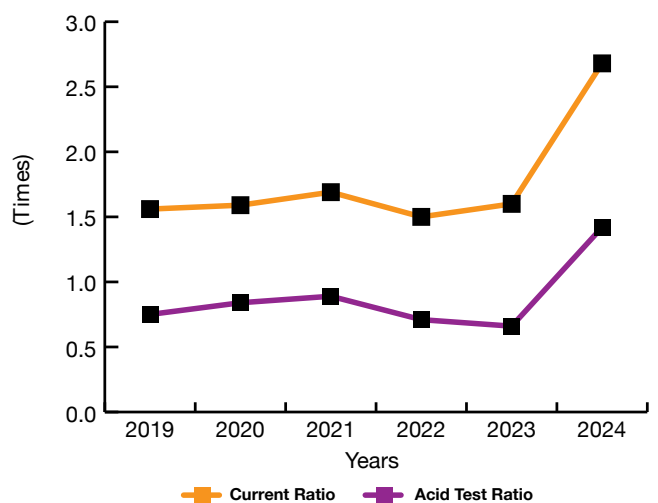
EBITDA margin to sales



Operating Profit



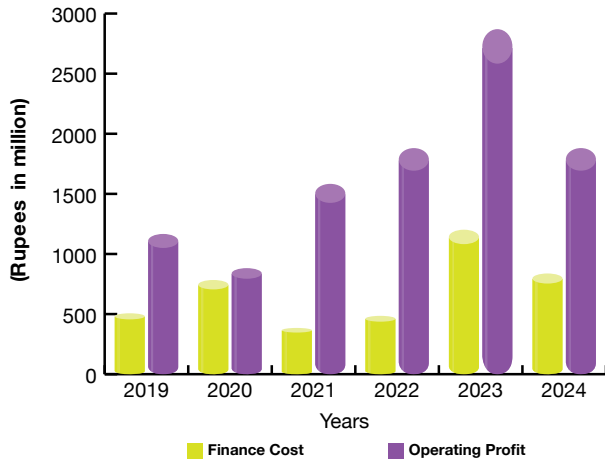
Liquidity Ratio



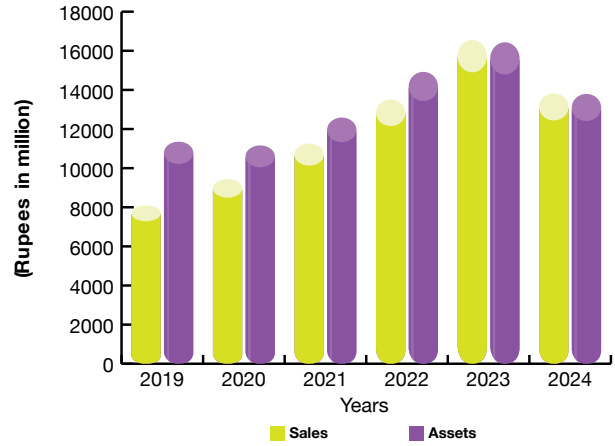
— Current Ratio — Acid Test Ratio

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

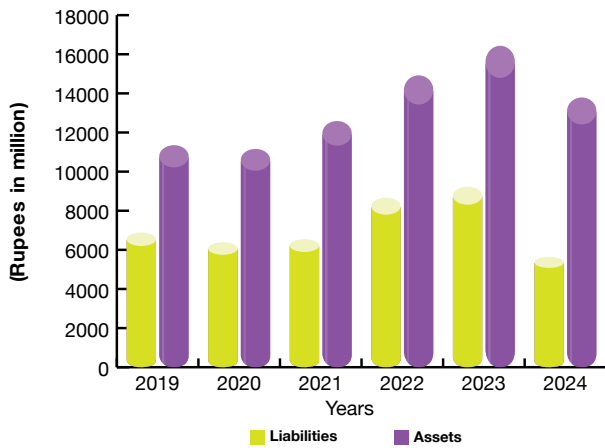
Interest Cover



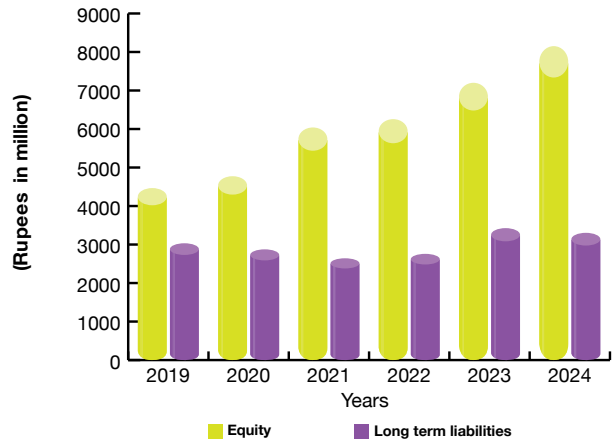
Sales to Total Assets



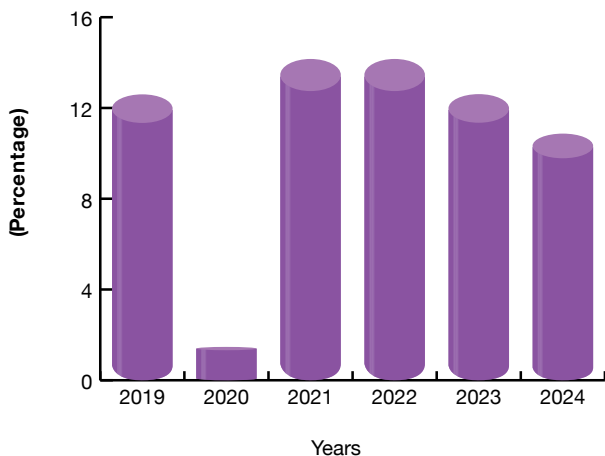
Assets & Liabilities



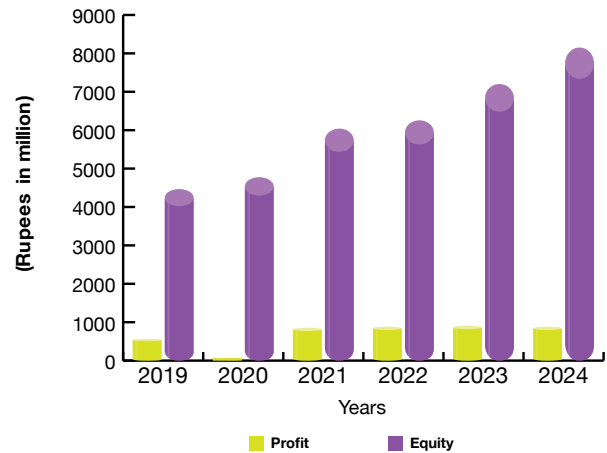
Equity & Long-Term Liabilities



Return on Shareholders Funds

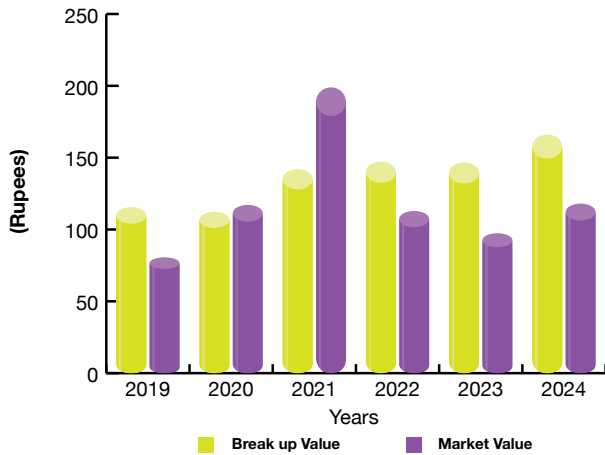


Return on Equity

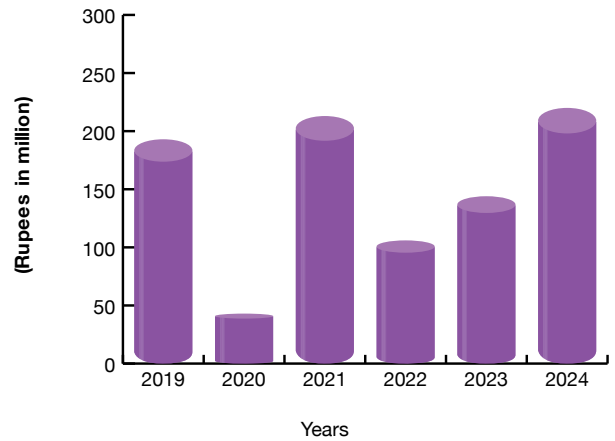


GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

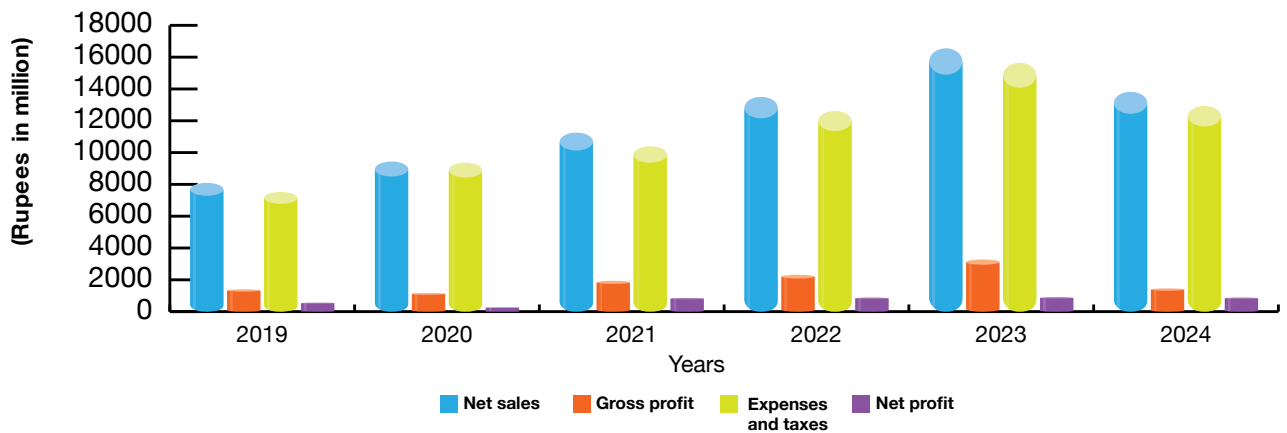
Value Per Share



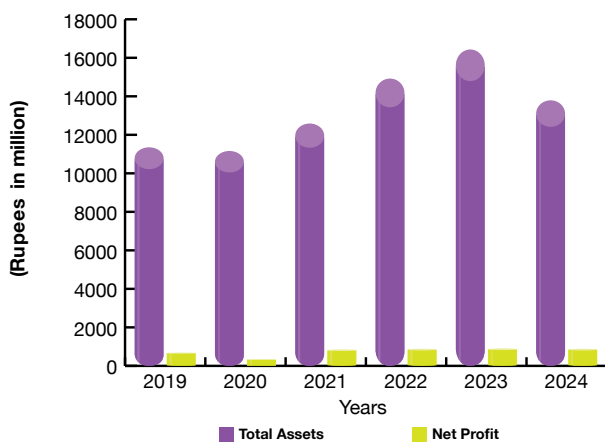
Cash Dividend



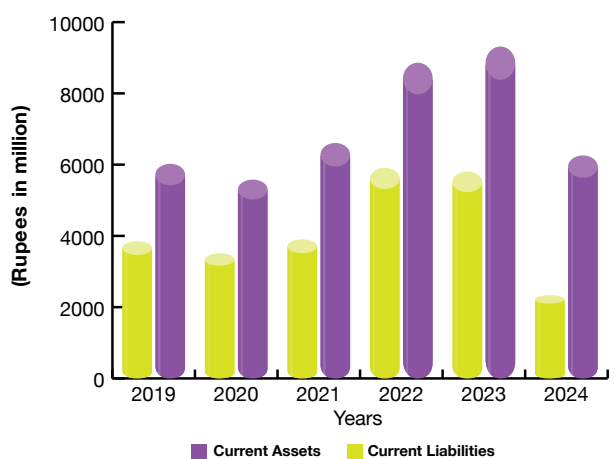
Profitability trend



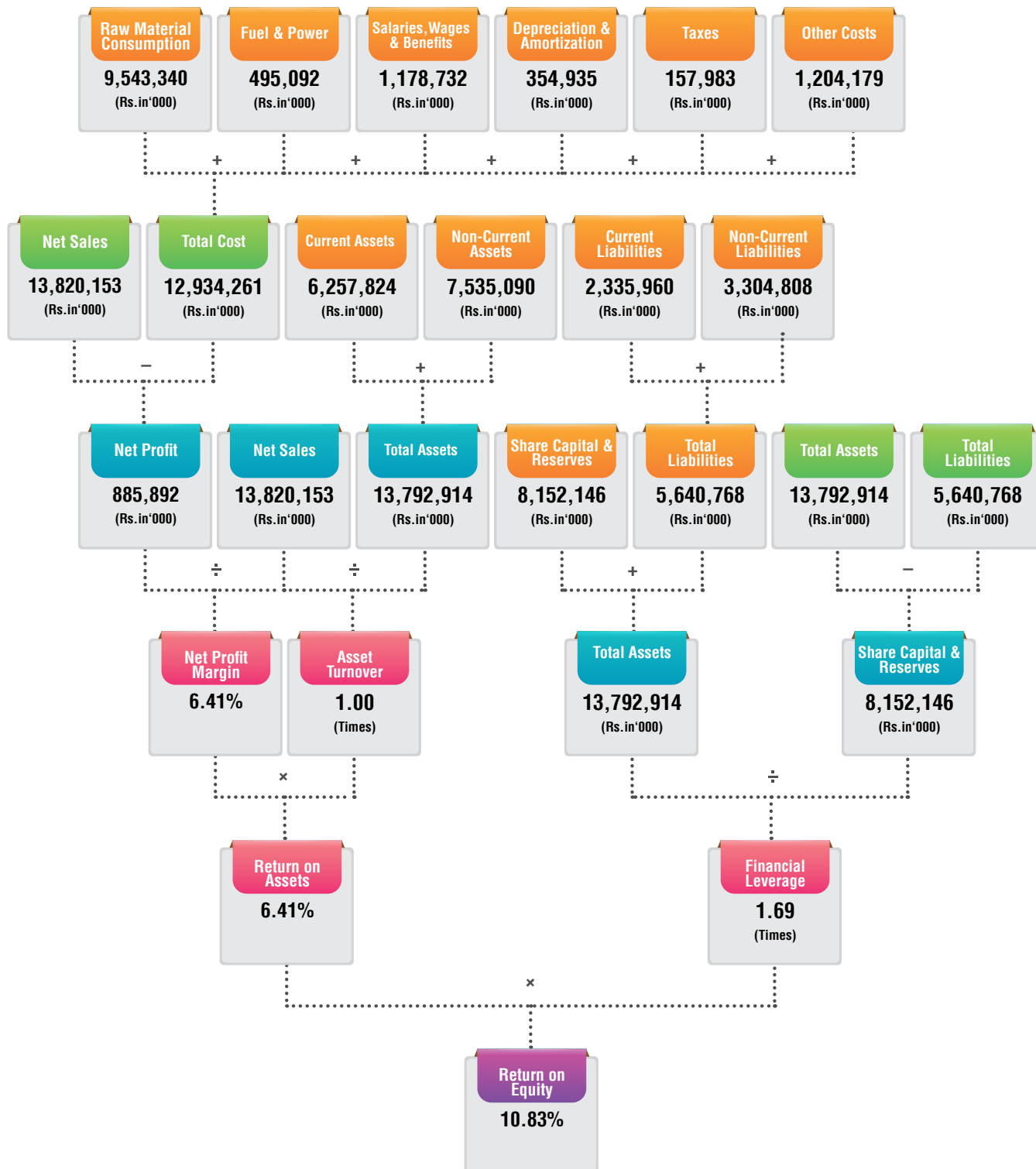
Net Profit to Total Assets



Current Assets to Current Liabilities



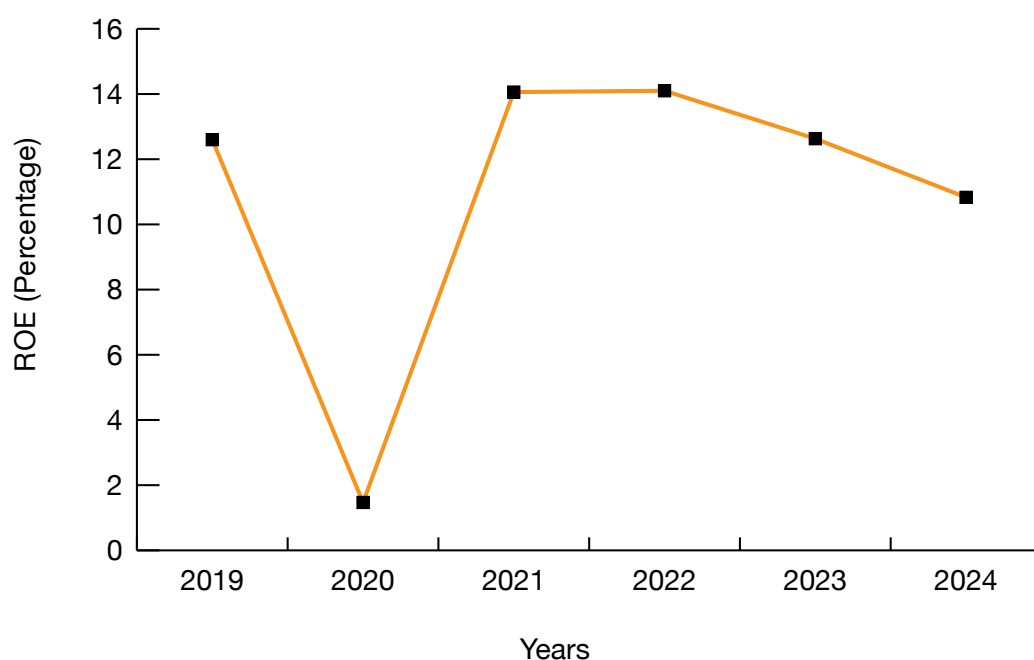
DUPONT CHART



DUPONT ANALYSIS

Year	Net Profit Margin	Assets Turnover	Financial Leverage	ROE
	Net Profit / Sales	Sales / Total Assets	Total Assets / Total Equity	
	A	B	C	AxBxC
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%
2023	5.49%	1.01	2.28	12.63%
2024	6.41%	1.00	1.69	10.83%

GRAPHICAL PRESENTATION OF DUPONT ANALYSIS



COMMENTS ON DUPONT ANALYSIS

1. The profit margins of the Company increased during the year majorly because of gain on sale of assets classified as held for sale and increase in sales of Flexible Packaging Division. However, decrease in dispatches of BMD, caused by a decline in cement demand and increased competition, negatively impacted profitability.
2. Asset Turnover slightly decreased during the year because of decrease in revenue. The revenue majorly decreased due to decline in dispatches of BMD because of change in demand patterns, reduction in cement demand and increase in competition. On the other hand, fixed assets increased as compared to the corresponding period due to the capitalization of 2nd Flexo Printer.
3. Financial leverage significantly decreased during the year because of a reduction in short-term borrowings and repayment of long-term loans. Borrowings decreased because of cash inflows from sale proceeds of KP Line I, II & V.
4. ROE decreased during the year as compared to last year due to various unfavorable factors, including the decrease in cement demand, higher discount rates, increase in raw material prices, and rise in general inflation resulting in higher fuel, power, and freight costs.

FREE CASH FLOWS

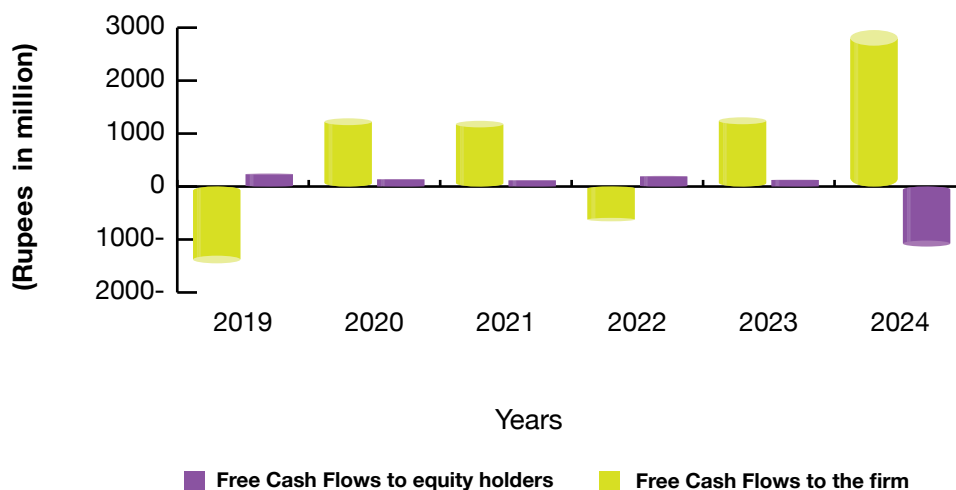
	2024	2023	2022	2021	2020	2019
	------(Rupees in '000)-----					
Earning before interest and taxes	1,881,605	2,870,242	1,880,688	1,583,294	882,181	1,166,634
Adjustment for non-cash items	(516,127)	321,121	329,501	308,968	377,561	276,404
Working capital changes	2,588,733	(635,369)	(1,967,572)	(392,560)	311,532	(2,219,521)
Net cash generated from / (used in) operating activities	3,954,211	2,555,994	242,617	1,499,702	1,571,274	(776,483)
Capital expenditure	(999,396)	(1,248,926)	(899,748)	(259,209)	(283,154)	(673,827)
Free cash flows to the firm	2,954,815	1,307,068	(657,131)	1,240,493	1,288,120	(1,450,310)
Free Cash Flows to the Equity Holders						
Free cash flow to the firm	2,954,815	1,307,068	(657,131)	1,240,493	1,288,120	(1,450,310)
Net borrowings	(2,998,115)	(139,458)	1,295,749	(695,550)	(398,005)	2,078,720
Finance cost paid	(1,090,391)	(1,090,332)	(437,907)	(475,949)	(801,027)	(383,380)
Free cash flow to the equity holders	(1,133,691)	77,278	200,711	68,994	89,088	245,030

Comments

Free cash flow to the firm improved as compared to last year. This was mainly due to rationalization of inventory in line with change in demand patterns. Further, timely recoveries from customers and overall effective working capital management contributed to the increase in free cash flow to the firm. Whereas, free cash flow to the equity holders decreased compared to last year due to the Company's repayment of certain debts. During the year, the Company also obtained a loan for the purchase of 2nd Flexo Printer, which positively impacted the free cash flow to the equity holders.

Graphical presentation of free cash flow analysis

Free cash flows to the firm and equity holders



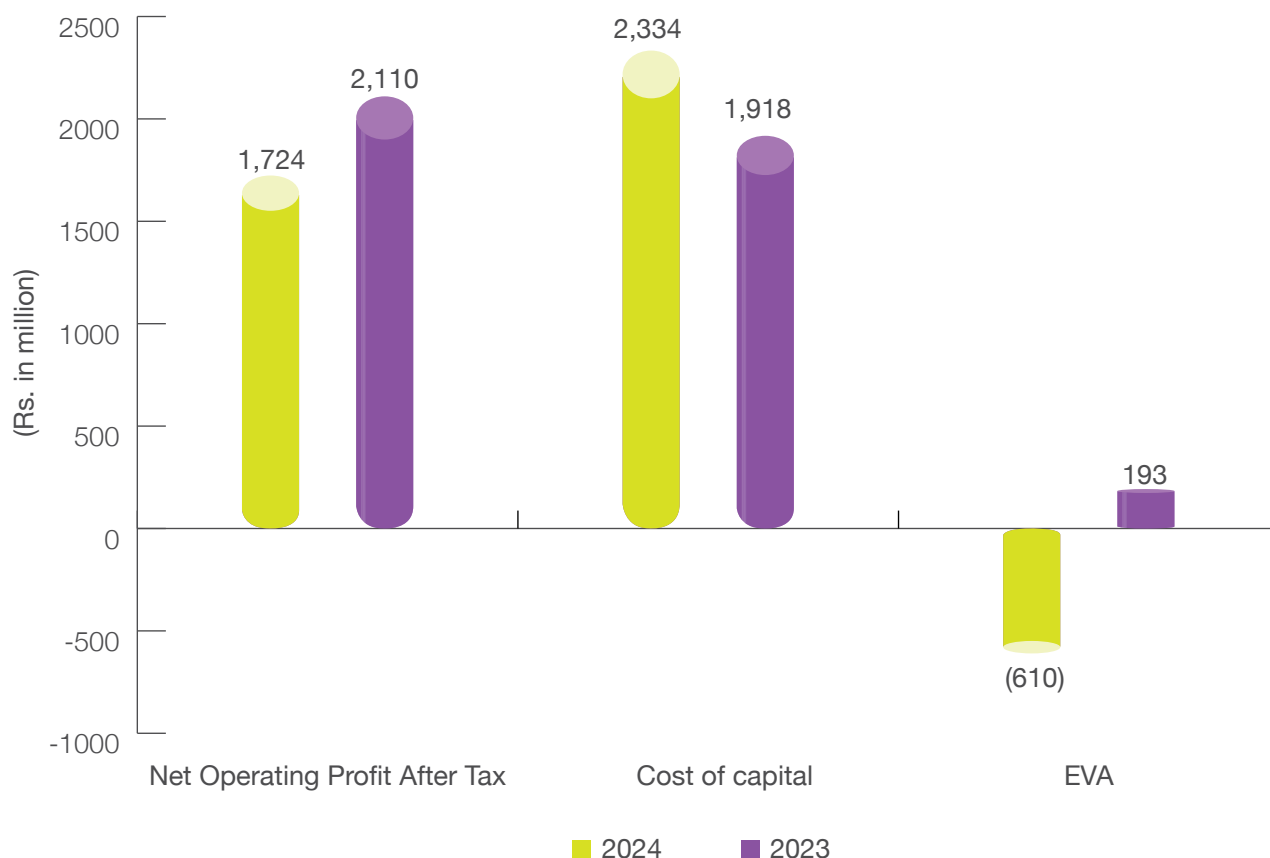
ECONOMIC VALUE ADDED

	2024	2023
	-----Rs. in 000-----	
Net Operating Profit After Tax	1,723,622	2,110,154
Cost of capital	(2,333,681)	(1,917,501)
Economic Value Added	(610,059)	192,653
Cost of Capital		
Total Assets	13,792,914	16,433,796
Current Liabilities	(2,335,960)	(5,806,986)
Invested Capital	11,456,954	10,626,810
Weighted Average Cost of Capital	20.37%	18.04%
Cost of capital	2,333,681	1,917,501

Comments on Economic Value Added

As compared to last year, the economic value addition of the company decreased due to a decrease in operating profit after tax of the company and an increase in WACC. Operating profit after tax of the company mainly decreases due to a decrease in cement demand and increased business competition. WACC of the company enhanced on account of an increase in overall KIBOR rates.

Graphical Presentation of Economic Value Added



HORIZONTAL ANALYSIS - LAST SIX YEARS

	2024		2023	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
ASSETS				
Non-Current Assets	7,535,090	13%	6,640,538	10%
Current Assets	6,257,824	-33%	9,314,886	5%
Non-current assets classified as held for sale	-	-100%	478,371	100%
Total Assets	13,792,914	-16%	16,433,795	10%
EQUITY AND LIABILITIES				
Share Capital and Reserves	8,152,146	13%	7,200,526	15%
Non-Current Liabilities	3,304,808	-4%	3,426,283	24%
Current Liabilities	2,335,960	-60%	5,806,986	-2%
Total Equity and Liabilities	13,792,914	-16%	16,433,795	10%
STATEMENT OF PROFIT OR LOSS				
Turnover – net	13,820,153	-17%	16,554,262	23%
Gross profit	1,461,371	-55%	3,277,073	42%
Operating profit	1,881,605	-34%	2,870,242	53%
Profit before income tax and final taxes	1,043,875	-37%	1,668,338	20%
Profit after taxation	885,892	-2%	908,250	3%

2022		2021		2020		2019	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
6,061,384	1%	5,978,810	7%	5,580,510	5%	5,328,751	1%
8,860,273	34%	6,608,344	18%	5,580,221	-7%	6,022,692	47%
-	0%	-	0%	-	0%	-	0%
<u>14,921,657</u>	<u>19%</u>	<u>12,587,154</u>	<u>13%</u>	<u>11,160,731</u>	<u>-2%</u>	<u>11,351,443</u>	<u>21%</u>
6,255,557	4%	6,039,840	27%	4,774,404	7%	4,466,238	-1%
2,757,510	4%	2,643,027	-8%	2,875,037	-5%	3,033,486	1%
5,908,590	51%	3,904,287	11%	3,511,290	-9%	3,851,719	108%
<u>14,921,657</u>	<u>19%</u>	<u>12,587,154</u>	<u>13%</u>	<u>11,160,731</u>	<u>-2%</u>	<u>11,351,443</u>	<u>21%</u>
13,502,519	20%	11,255,102	19%	9,436,193	17%	8,093,407	14%
2,314,729	19%	1,937,625	65%	1,173,729	-16%	1,400,649	28%
1,880,688	19%	1,583,294	79%	882,181	-24%	1,166,634	31%
1,395,385	16%	1,198,522	1115%	98,678	-85%	660,080	-14%
885,509	4%	855,092	1117%	70,235	-88%	562,873	-21%

VERTICAL ANALYSIS - LAST SIX YEARS

	2024		2023	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
ASSETS				
Non-Current Assets	7,535,090	55%	6,640,538	40%
Current Assets	6,257,824	45%	9,314,886	57%
Non-current assets classified as held for sale	-	0%	478,371	3%
Total Assets	13,792,914	100%	16,433,795	100%
EQUITY AND LIABILITIES				
Share Capital and Reserves	8,152,146	59%	7,200,526	44%
Non-Current Liabilities	3,304,808	24%	3,426,283	21%
Current Liabilities	2,335,960	17%	5,806,986	35%
Total Equity and Liabilities	13,792,914	100%	16,433,795	100%
STATEMENT OF PROFIT OR LOSS				
Turnover – net	13,820,153	100%	16,554,262	100%
Gross profit	1,461,371	11%	3,277,073	20%
Operating profit	1,881,605	14%	2,870,242	17%
Profit before income tax and final taxes	1,043,875	8%	1,668,338	10%
Profit after taxation	885,892	6%	908,250	5%

2022		2021		2020		2019	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
6,061,384	41%	5,978,810	47%	5,580,510	50%	5,328,751	47%
8,860,273	59%	6,608,344	53%	5,580,221	50%	6,022,692	53%
-	0%	-	0%	-	0%	-	0%
<u>14,921,657</u>	<u>100%</u>	<u>12,587,154</u>	<u>100%</u>	<u>11,160,731</u>	<u>100%</u>	<u>11,351,443</u>	<u>100%</u>
6,255,557	42%	6,039,840	48%	4,774,404	43%	4,466,238	39%
2,757,510	18%	2,643,027	21%	2,875,037	26%	3,033,486	27%
5,908,590	40%	3,904,287	31%	3,511,290	31%	3,851,719	34%
<u>14,921,657</u>	<u>100%</u>	<u>12,587,154</u>	<u>100%</u>	<u>11,160,731</u>	<u>100%</u>	<u>11,351,443</u>	<u>100%</u>
13,502,519	100%	11,255,102	100%	9,436,193	100%	8,093,407	100%
2,314,729	17%	1,937,625	17%	1,173,729	12%	1,400,649	17%
1,880,688	14%	1,583,294	14%	882,181	9%	1,166,634	14%
1,395,385	10%	1,198,522	11%	98,678	1%	660,080	8%
885,509	7%	855,092	8%	70,235	1%	562,873	7%

COMMENTS ON HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

Fixed Asset

Fixed assets increased over 6 years due to expansions carried out by the Company from time to time. This year, the fixed assets of the Company increased due to the capitalization of 2nd Flexo Printer.

Investments

Long-term investment of the Company increased by Rs. 228.42 million primarily due to the increase in the share price of Cherat Cement Company Limited by Rs. 42.85.

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

Stores, spare parts & loose tools, stock in trade, and trade debts increased steadily over the past years on account of an increase in operations and expenses especially in PPD and FPD. However, in the current year, trade debts of the Company reduced due to timely recoveries from the customers. Moreover, through rationalization of inventory in line with the change in demand pattern, the Company was able to reduce its stock in trade.

Share capital and reserves

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

Long-term loans

The Company has always strived to maintain a strong debt-equity ratio to optimize returns. Accordingly, CPL financed its project as a combination of debt and equity. In the current year, the Company has obtained long-term loans for financing the 2nd Flexo printer amounting to Rs. 742.75 million during the year.

Current Liabilities

Current liabilities decreased due to a significant reduction in short-term borrowings. The Company was able to reduce its short term borrowings through rationalization of inventory in line with change in demand patterns, proceeds from the sale of KP Lines I, II & V and effective working capital management.

PROFIT AND LOSS ACCOUNT

Turnover

Turnover of the Company increased over the years mainly due to improved performance of FPD, continuous growth and expansion, and appreciation of market prices. However, current year turnover has decreased as compared to the corresponding year mainly because of decrease in BMD dispatches.

Gross profit

Despite facing many economic challenges such as declining cement demand, rising raw material prices, and exchange rate fluctuations, the company has achieved a gross profit of Rs. 1,461 million for the year ended June 30, 2024.

Operating profit

The Company experienced a decrease in operating profits compared to the same period last year. The decline was due to reduction in cement dispatches in the country, shift in demand from papersacks to polypropylene bags by the cement industry, and increased competition. The Flexible Packaging division, however, saw an increase in both revenues and profitability. In the current year, Flexible Packaging Division's profit before unallocated expenses increased by Rs 610 million.

Further, the Company made a disposal of its Papersack Lines I, II and V during the year. The proceeds of that disposal had a positive impact on other income of the Company.

Finance Cost

Although average discount rates were higher as compared to the corresponding year, a major decrease in finance cost is attributable to lower utilization of running finance facilities and early repayment of long-term loan for Flexible Packaging line I.

Net profit

Net profit of the Company has shown a positive trend in recent years. The Company has achieved a net profit of Rs. 886 million during the year.

COMMENTS ON VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

Non-Current Assets

During the year, 2nd Flexo printer was capitalized which increased the Fixed Assets ratio as compared to the previous year.

Current Assets

Current assets of the company decreased due to reduction in Stock in trade and trade debts. As discussed above, through rationalization of inventory in line with change in demand patterns, the Company was able to reduce its stock in trade. Moreover, trade debts of the Company reduced due to timely recoveries from the customers.

Long-term loan

Long-term loans decreased by Rs 334.24 million. During the year, the Company acquired a new loan of Rs.742.75 million for 2nd Flexo printer & made a total repayment of Rs 1,116.85 million including early repayment of Rs 480.00 million for Flexible Packaging Line I.

STATEMENT OF PROFIT OR LOSS

Turnover

For the year under review, BMD sales decreased majorly due to a decline in cement demand and increased competition. However, FPD sales increased in comparison with the corresponding year. Sales prices were adjusted upwards in both divisions by market conditions.

Gross profit

For the fiscal year ending June 30, 2024, the company reported a gross profit of Rs. 1,461 million. This decline in gross profit as compared to last year was primarily due to a decrease in BMD dispatches and increased competition.

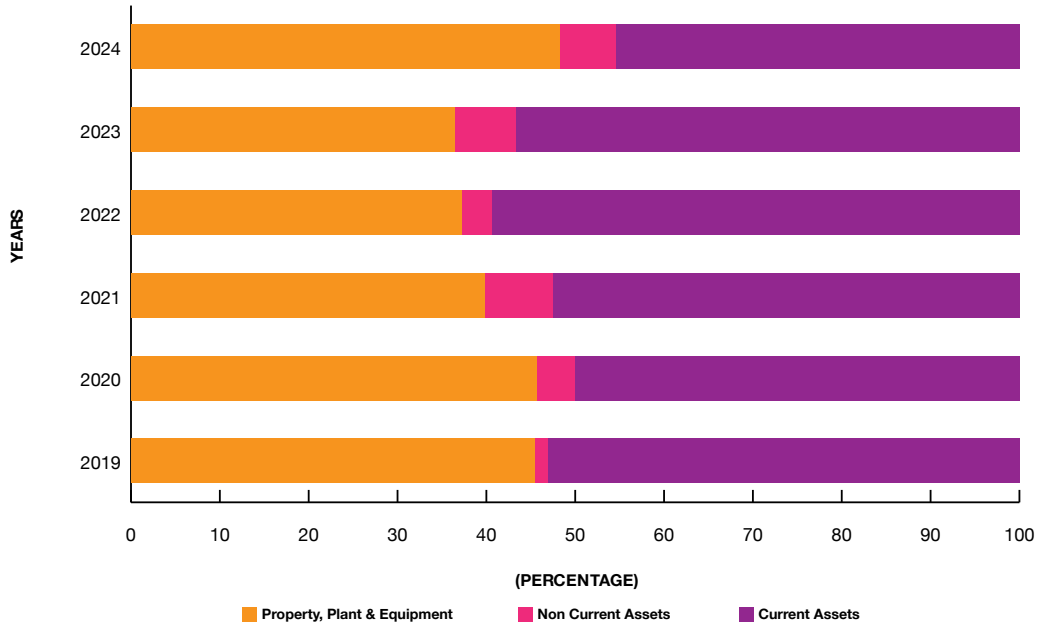
Net profit

There was an increase in net profit margin of the Company during the year. This was primarily because of gain on sale of assets classified as held for sale and increase in dispatches of Flexible Packaging Division. Reduction in sale of BMD, caused by a decline in cement demand and increased competition, however had a negative impact on the profitability of the Company.

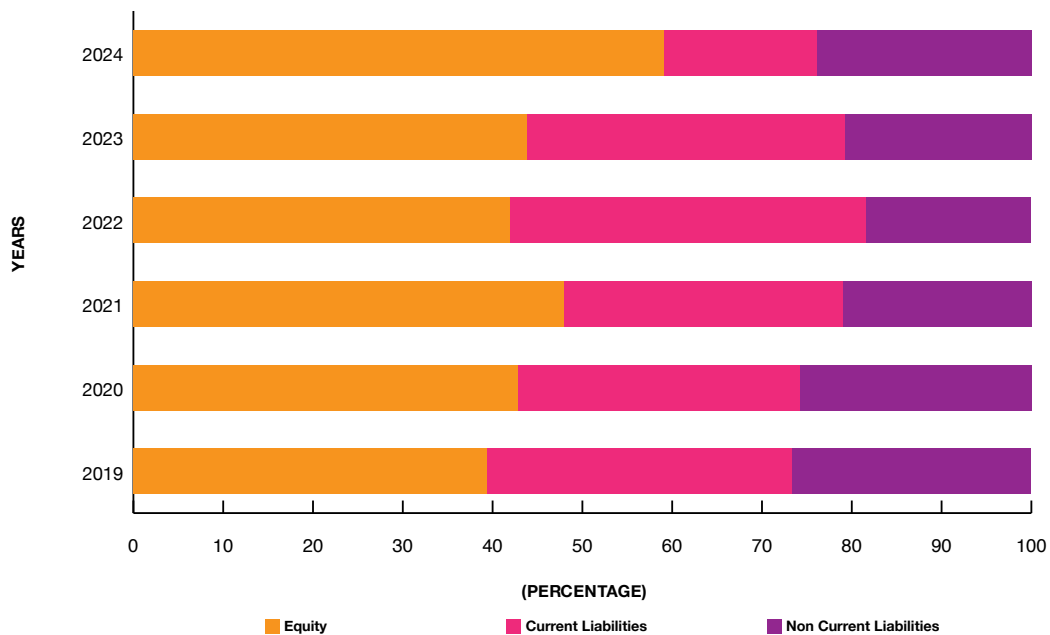


GRAPHICAL PRESENTATION OF STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

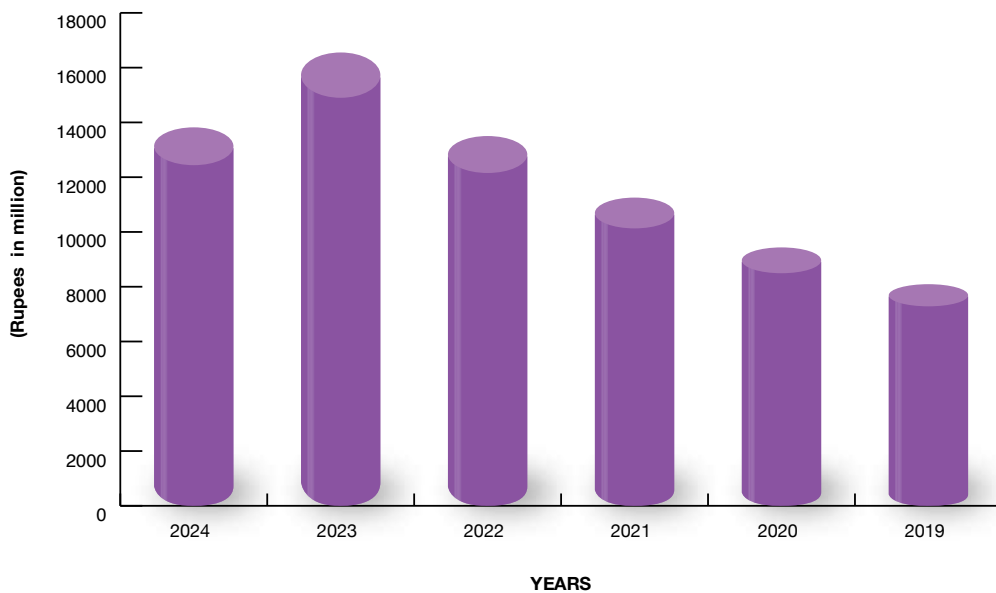
Statement of Financial Position Analysis- Assets



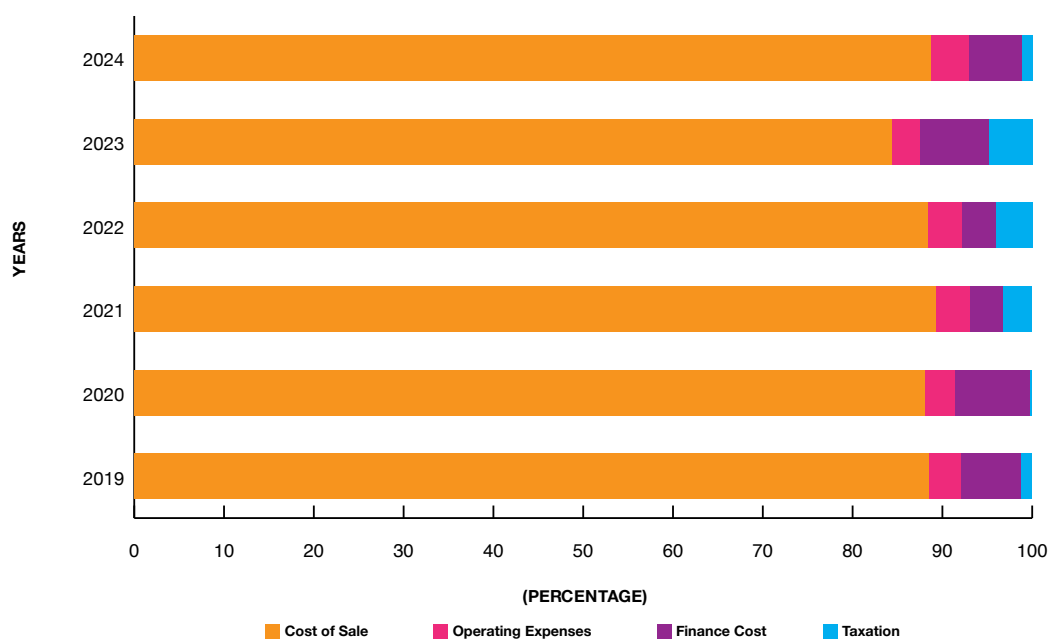
Statement of Financial Position Analysis- Equity & Liabilities



Statement of Profit or Loss Analysis- Revenue

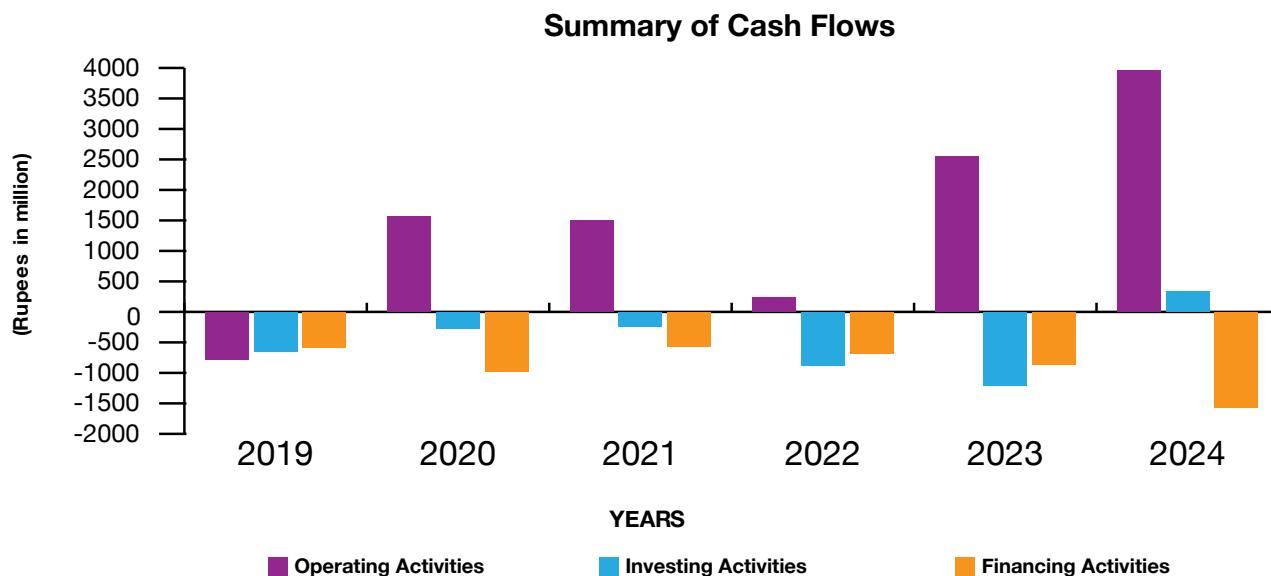


Statement of Profit or Loss Analysis- Expenses



SUMMARY OF STATEMENT OF CASH FLOWS-LAST SIX YEARS

	2024	2023	2022	2021	2020	2019
------(Rupees in '000)-----						
Net cash generated from / (used in) operating activities	3,954,211	2,555,994	242,617	1,499,702	1,572,080	(776,483)
Net cash generated from / (used in) investing activities	336,814	(1,207,161)	(881,640)	(236,108)	(274,392)	(650,862)
Net cash used in financing activities	(1,572,110)	(857,284)	(678,605)	(570,109)	(976,240)	(581,874)
Net increase / (decrease) in cash and cash equivalents	2,718,915	491,549	(1,317,628)	693,485	321,448	(2,009,219)
Cash and cash equivalents as at the beginning of the year	(2,748,352)	(3,239,901)	(1,922,273)	(2,615,758)	(2,937,206)	(927,987)
Cash and cash equivalents as at the end of the year	(29,437)	(2,748,352)	(3,239,901)	(1,922,273)	(2,615,758)	(2,937,206)



COMMENTS ON STATEMENT OF CASH FLOWS

Cash flow from operating activities witnessed great fluctuation during the period from FY 2019 to FY 2020. The major reason was the full-fledge operations of FPD, increased discount rate and dwindling PKR parity caused the operating cash flows to decreased. In FY 2020 and 2021 the Company witnessed upward trend in 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 PP Line IV. In 2023, the company witnessed upward trend in operating cash flow due to increase in operations / sales and effective working capital management. In 2024, the company witnessed highest operating cash flow primarily due to stock rationalization in line with change in demand patterns and prompt customer recoveries.

The Company has been in continuous expansion which has governed the cash flow from investing activities. The Company started its Flexible Packaging operations in 2018 and installed remaining machineries of Flexible Packaging Division (FPD) 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. In 2023, the company installed Roto Line II in Flexible Packaging Division (FPD) to cater the demand of the customers. Further in 2024, the company installed 2nd Flexo Line II in FPD and sold Kraft Paper (KP) lines I, II and V having the combined capacity of 240 million bags per annum.

Cash flows from financing activities are direct reflection of the above two. During the 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. In 2022, Company received a loan to finance the installation of PP line IV. In 2023, the Company received a loan to finance the installation of new Roto Line II in Flexible Packaging Division. Further in 2024, the company received a loan to finance the installation of 2nd Flexo printer in Flexible Packaging Division.



STATEMENT OF CASH FLOWS DIRECT METHOD

for the year ended June 30, 2024

	2024	2023
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	14,279,355	16,956,857
Cash paid to suppliers and employees	(10,087,873)	(14,147,718)
Cash generated from operations	4,191,482	2,809,139
Net income tax paid	(213,421)	(233,395)
Gratuity Paid	(24,300)	(19,750)
Long-term loans and security deposits	450	-
Net cash generated from operating activities	3,954,211	2,555,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(999,396)	(1,248,926)
Additions to intangible assets	(4,534)	(2,733)
Proceeds from disposal of operating property, plant and equipment	26,685	20,523
Proceeds from disposal of assets classified as held for sale	1,381,312	-
Commission paid on disposal of assets classified as held for sale	(91,228)	-
Dividend received	23,975	23,975
Net cash generated from / (used in) operating activities	336,814	(1,207,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing-net	(334,243)	343,937
Dividend paid	(147,476)	(110,889)
Finance costs paid	(1,090,391)	(1,090,332)
Net cash used in financing activities	(1,572,110)	(857,284)
Net increase in cash and cash equivalents	2,718,915	491,549
Cash and cash equivalents as at the beginning of the year	(2,748,352)	(3,239,901)
Cash and cash equivalents as at the end of the year	(29,437)	(2,748,352)

KEY FINANCIAL INFORMATION - LAST SIX YEARS

	2024	2023	2022	2021	2020	2019
	------(Quantity in million)-----					
Production BMD (Bags)	137.66	238.62	312.95	327.17	273.17	276.18
Production FPD (Kgs)	7.63	6.99	6.00	4.61	4.43	1.26
Sales BMD (Bags)	142.16	247.64	303.71	334.23	271.13	270.53
Sales FPD (Kgs)	7.85	6.89	5.86	4.66	4.34	1.17

Summary of Statement of Financial Position

	------(Rupees in million)-----					
Assets						
Non-Current Assets	7,535	6,641	6,062	5,979	5,580	5,329
Current Assets	6,258	9,315	8,860	6,608	5,580	6,023
Non-Current Assets Held For Sale	-	478	-	-	-	-
Total Assets	<u>13,793</u>	<u>16,434</u>	<u>14,922</u>	<u>12,587</u>	<u>11,160</u>	<u>11,352</u>
Equity and Liabilities						
Shareholders Equity	8,152	7,201	6,256	6,040	4,774	4,467
Non-current Liabilities	3,305	3,426	2,757	2,643	2,875	3,033
Current Liabilities	2,336	5,807	5,909	3,904	3,511	3,852
Equity and Liabilities	<u>13,793</u>	<u>16,434</u>	<u>14,922</u>	<u>12,587</u>	<u>11,160</u>	<u>11,352</u>

Summary of Statement of Profit or Loss

Turnover - net	13,820	16,554	13,503	11,255	9,436	8,093
Gross profit	1,461	3,277	2,315	1,938	1,174	1,401
Operating profit	1,882	2,870	1,881	1,583	882	1,167
Profit before income tax and final taxes	1,044	1,668	1,395	1,199	99	660
Profit after tax	886	908	886	855	70	563

BMD = Bags Manufacturing Division

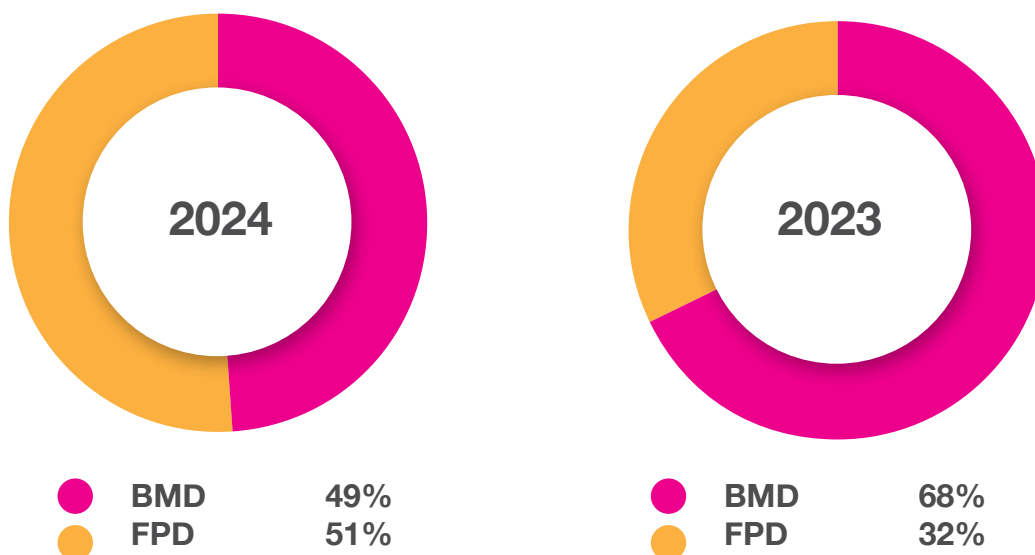
FPD = Flexible Packaging Division

SEGMENTAL VIEW OF BUSINESS PERFORMANCE

During these difficult times of economic and geopolitical uncertainty, the company was able to improve its performance in the Flexible Packaging Division. However, the Bag Manufacturing Division is facing a downward trend due to changes in demand patterns in the cement industry, from paper sacks to polypropylene bags, and an overall decline in cement demand. Strategic partnerships with international suppliers helped the company reap the benefits of raw material availability.

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. Some of them have already matured. The Company expects that FPD sales will further increase in coming years as it did in current year due to effective marketing strategies, efficient production, strong management, and rising demand for FMCG products. FPD contribution in total sales increased to 51% as compared to last year. The FPD revenue witnessed an increase of 32% in revenue as compared to last year.



Market Share

Cherat Packaging is one of 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.

Moreover, there has been a major shift in the use of packaging materials by the cement industry from papersacks to polypropylene bags because of price differential. Accordingly, in view of the change in demand patterns, the Company disposed of its KP lines I, II and V. The Company will be able to meet the future demand of paper sack bags with its existing capacity.

Further, the flexible packaging sector in Pakistan consists of a limited number of players in the organized sector and a significant number of smaller entities in the unorganized sector. Given this context and the lack of reliable data, it is very difficult to accurately estimate the market size of the industry. However, the presence of only a few players in the organized sector creates an opportunity for the Company to engage with customers who prefer to partner with suppliers in the organized sector. Additionally, recent changes in laws, including taxation regulations, have led to an increase in the number of customers in the organized sector, further expanding opportunities for the Company to attract these clients.

Explanation of Negative Changes in Performance over the Period

Over the years, the company performed well, surpassing expectations despite many challenges. However, in 2020, the company witnessed a decline in profits due to the COVID-19 pandemic, though it had closed its financial year in the positive zone. In 2021 and 2022, the company continued its performance and closed its financial years at Rs. 855 million and Rs. 886 million, respectively. In 2023, the company continued its performance and sailed through difficult economic conditions, posting the 2nd highest net profit of Rs. 908 million. In the current year, despite various economic challenges such as changes in market demand and increase in business competition affects the company's profitability. However, the company was able to close its financial year at Rs. 886 million, mainly due to an increase in sales of the Flexible Packaging Division and gain on the sale of KP lines I, II, & V.

Debt Repayment

As presented in Directors' Report, the Company has always met its financial obligations and paid all its dues on time. Moreover, the Company additionally repaid Rs. 480 million pertaining to Flexible Packaging Project this year.

SIGNIFICANT CHANGE IN ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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





SHARE PRICE SENSITIVITY ANALYSIS

Cherat Packaging Limited's shares are typically regarded as a reliable and secure investment. However, the weak national economy and the stock market downturn influenced the business's operations. The value of the shares fluctuated, ranging from Rs 87.75 to Rs 140.74 for each offer during the year. Observing the steady profitability and performance of the business, a stable share price is anticipated soon. We recognize that a variety of elements and variables could have impacted the stock price of the company. The following is a list of the factors which are discussed for the benefit of the users.

Government Policies

Government policies affect markets since they have the authority to control everything, including agreements about money, fiscal measures, and regulatory structures containing rules that must be followed. These regulations may be detrimental to the overall business sectors. A certain or unfavourable decision made by the government would affect the financial position of the organization.

Exchange Gain / Loss

The volatility of foreign exchange rates affects the profitability ratios just as imports affect the company's operations. The company imports raw materials from many foreign markets, hence being exposed to more currency risk. Considering the current situation, the weaker Pakistani rupee raises production costs. On the other hand, it also makes company exports more competitive, which can increase the price of shares.

Material Price Sensitivity

The share price sensitivity of companies, especially those that primarily depend on these resources for their operations, can be significantly impacted by changes in the price of raw materials. A higher cost of production is the outcome of increased input costs, which could result in lower profit margins. However, Cherat Packaging Limited managed to transfer the increase in costs most of the time to the customers, which aided the company in preserving its margins of profit. Additionally, the company's capacity to produce cutting-edge finished goods offers protection against susceptibility to material prices.

Energy Crisis

Energy is one of the key elements that determines how well an organization can execute its plans. The continuous energy crisis has had an impact on all of the Company's operations. The constant fluctuation of energy levels impacted by the fuel prices, influences the financial

presentation of the company. However, to combat the rising cost of electricity impact, the company has put in solar energy systems and obtained Hydel electricity, which benefits the company not only in contributing to the creation of green energy but also lowers costs.

Interest Rates

Share prices and the overall stock market can be greatly impacted by interest rates. The current discount rates are also significantly affecting Pakistan's business environment and Cherat Packaging Limited in the same manner. A higher discount rate has led to a significant rise in the Company's profitability and its financial charges. However, it's crucial to remember that the relationship between share prices and interest rates is not usually correlated simply, and several variables may combine to create distinct results.

Law & Order

The state of political stability and security, or law and order, can have a variety of effects on the sensitivity of share prices. Frequently, investors keep a close eye on the political and security environment, as it might impact a business's operations, financial success, and general investment environment. Pakistan's current political and law-and-order situation is undermining investor confidence, the economy, foreign investment, operational stability, and the business environment. Thus, price volatility for shares is an image of the same thing.

Plant Operations

To provide consumers with superior products and satisfy their demands, the company has installed cutting-edge manufacturing equipment specifically for products made of polypropylene and flexible packaging. The state-of-the-art machinery not only creates products of superior quality but also provides clients with affordable solutions, which is a competitive edge that the business possesses. This leads to increased profitability and customer retention, and thus a favourable effect on the price of shares.

The Cement and Allied Sector

The production and sale of cement sacks and packaging material for Allied sectors provide a significant portion of the revenue for the organization. Both are directly influenced by cement demand and consumer goods in the local market. Any boom in construction operations, whether as a result of development conducted directly by the public or private sector, affects the profitability of the business.

Sensitivity Analysis of Change in Market Capitalization

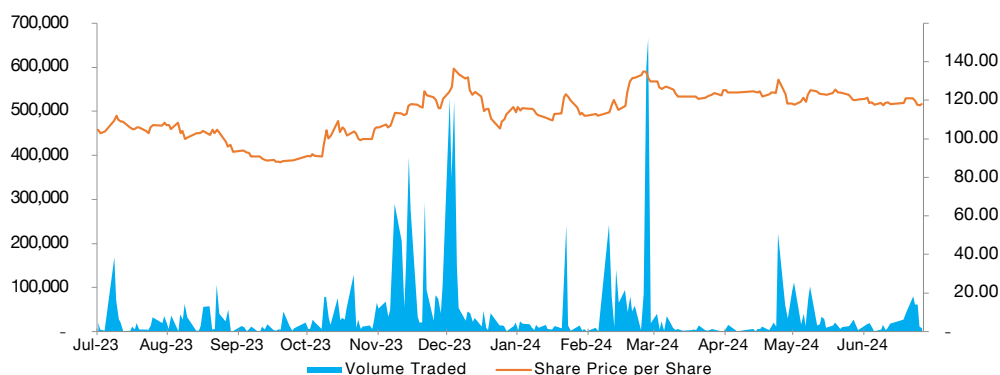
Share Price as of 30.06.2024 Rs. 118.04
Market Capitalization as of 30.06.2024 Rs. 5,795,220,190

Change in Share Price by Change in Market Capitalization

+10% Rs. 579,522,019

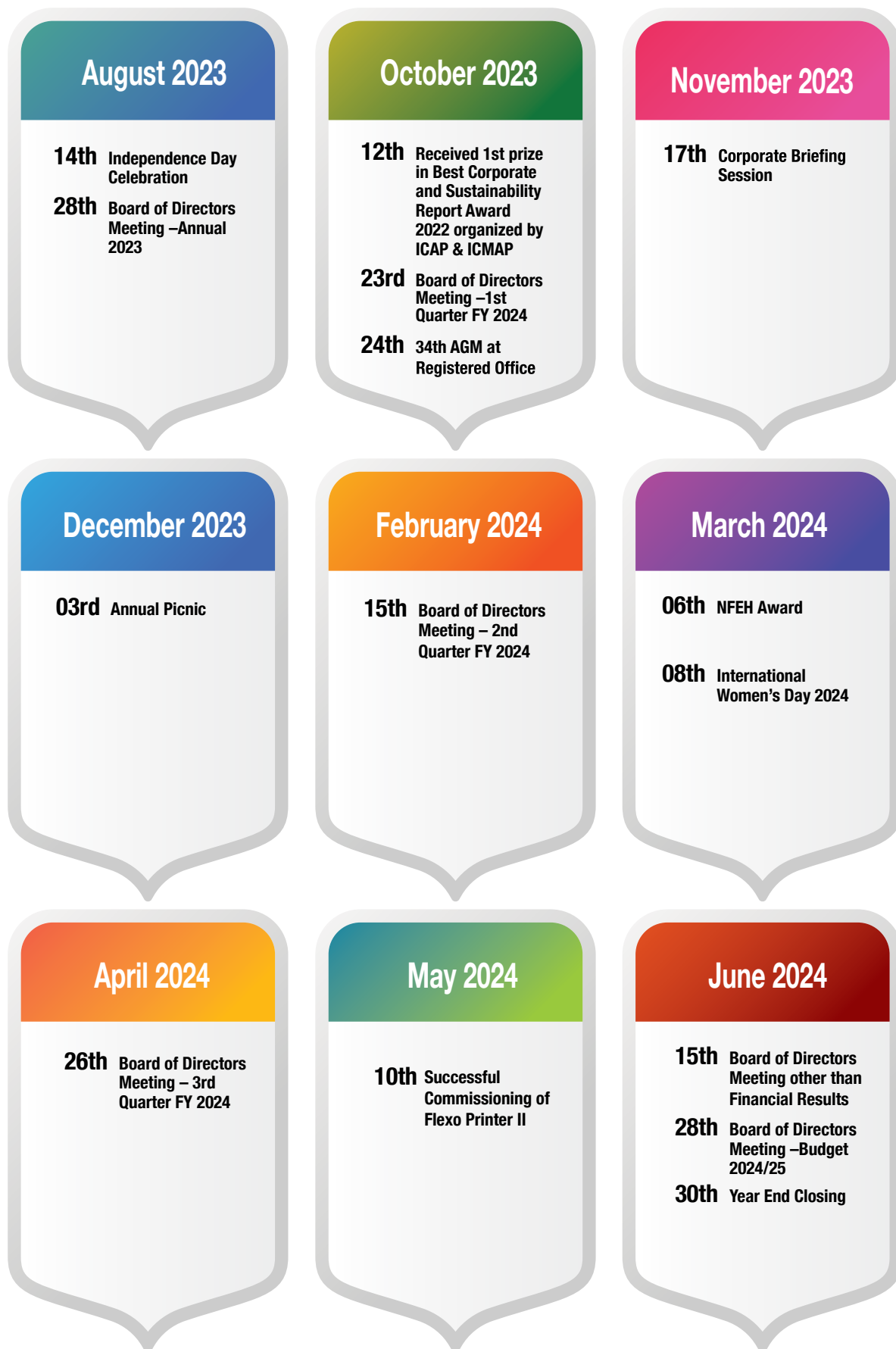
- 10% Rs. (579,522,019)

Share Prices- Trend v/s Volume Traded Financial Year 2023-2024



CALENDAR OF NOTABLE EVENTS

July 2023 - June 2024





HR TRANSFORMATION JOURNEY AT GHULAM FARUQUE GROUP (SAP SUCCESSFACTORS IMPLEMENTATION)

The aim of HR Digital Transformation through SAP SuccessFactors is to streamline people, data, and processes to create a better employee experience and become more efficient and competitive in a digital world.

After successful implementation of SuccessFactors' Employee Central and Performance Management & Goals Management modules, Cherat Packaging Limited has initiated the implementation of Recruitment and On-Boarding module.

Recruiting and onboarding the right talent is pivotal to any business for ongoing growth and success. With the implementation of SAP SuccessFactors Recruiting Cherat Packaging Limited will be able to attract and engage top talent, select and hire the best candidates as per requirement, and measure the business results. This system will help emphasize primarily on hiring process and selecting the best candidates.

Whereas SAP SuccessFactors 'Onboarding' module will allow us to efficiently manage a variety of programs and employee transitions, including Pre Day-One, Onboarding, Cross boarding, Offboarding, and rehire through a single solution.



BUSINESS RATIONALE OF MAJOR CAPITAL EXPENDITURE

Growth

Cherat Packaging Limited is a forward-thinking company. Historically, the Company has successfully increased its production capabilities for both paper sack bags and polypropylene bags. Furthermore, in the year 2018, the Company diversified its operations by venturing into the flexible packaging materials business. This strategic move empowered the Company to offer packaging solutions to a wider spectrum of industries, including FMCGs and pharmaceuticals, in addition to its established offerings of cement sacks, sugar bags, flour bags, rice bags, and more.



Hand shake for ordering of 2nd flexo printer at Dusseldorf between CPL & W&H

Expansion of Flexible Packaging Business - Flexo Graphic Printer II

In the month of May 2024, the Company achieved the successful installation and commissioning of its second Flexo printer for its Flexible Packaging Division. The equipment was acquired from world's best German based plant manufacturer i.e. M/s. Windmoller & Holscher. This installation will result in an increase in production capacity by 3,600 tons, allowing the Company to efficiently meet the demands of its valued customers and optimize the utilization of its existing resources. The acquisition was financed through a long-term loan arrangement.

SOS / Carrier Bags

In view of increasing demand, the Company has decided to establish a carrier/SOS bag unit at a cost of approximately Rs. 435 million. The project will be financed through a long term loan and is expected to be completed by March 2025. The addition of this product category will enable the Company to tap new markets for packaging materials in an effective manner and optimize the utilization of its available resources.




Business Model


188 Our Business Model

OUR BUSINESS MODEL


INPUTS → PROCESS

HUMAN CAPITAL 


- 316 employees

MANUFACTURED CAPITAL 


- 2 Paper bag lines
- 4 PP bag lines
- Flexible Packaging Division (FPD)
 - o 2 Flexo Printers
 - o 2 Roto Gravure Printers
 - o Extrusion
 - o Cylinder making
 - o Auxiliary machines
- Raw material procured: Rs. 7.53 billion

FINANCIAL CAPITAL 


- From net assets of Rs. 7.2 billion to Rs. 8.15 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.

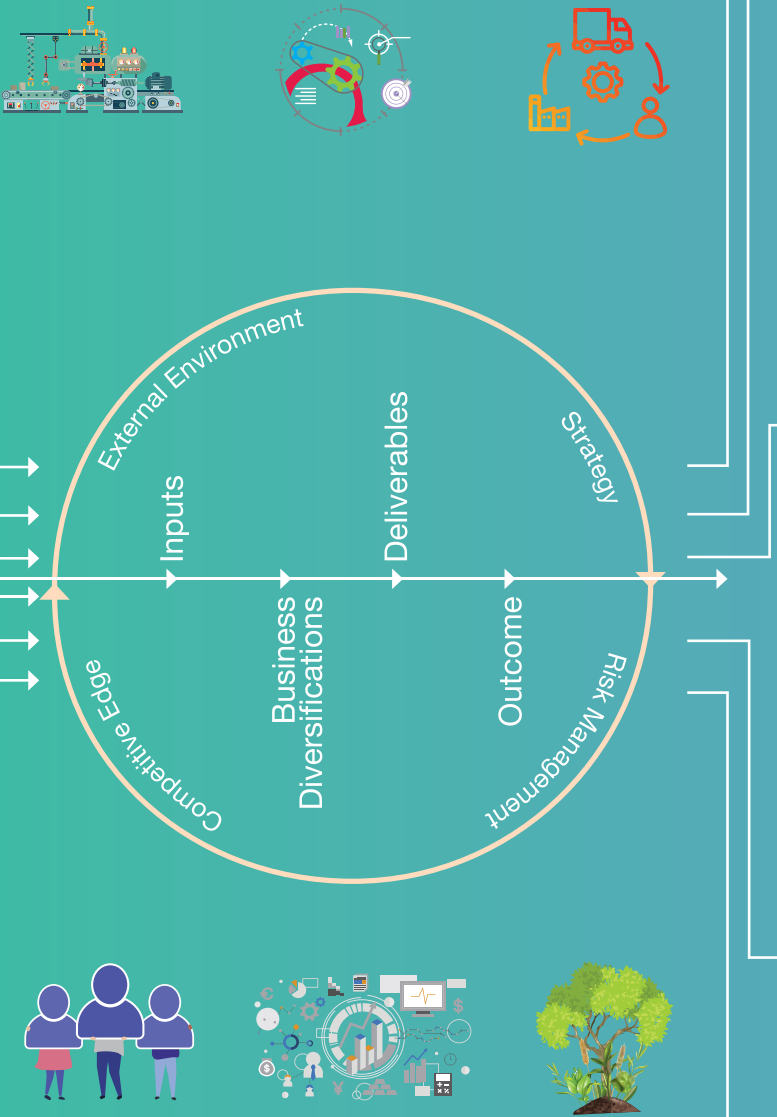
SOCIAL AND RELATIONSHIP CAPITAL 

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

NATURAL CAPITAL 

- Adherence to EMS
- Conventional to green energy

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



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

OUTPUTS



Employees

315



Turnover:

Rs. 13.82 billion



Net profit:

Rs. 885.89 million



Dividends @45%

Exports:

Rs. 200.32 million

Relations enhanced with
SABIC and Windmoller & Holcher



Solar power project of
Approximately 0.9 MW

Around 1MW electricity P.M
from PEDO

OUTCOMES

HUMAN CAPITAL

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

MANUFACTURED CAPITAL

- Turnover decreased by
Rs. 2.73 billion
- Investment in new support machines
- Installed Flexo Printer II

FINANCIAL CAPITAL

- Net profit Rs. 885.89 million
- Operating cash flows generated
Rs. 3.95 billion

INTELLECTUAL CAPITAL

- Improvement in network security
- Secured Remote Working Facility
- Upgrading ERP
- Human Capital Management

SOCIAL AND RELATIONSHIP CAPITAL

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

NATURAL CAPITAL

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



Disclosures on IT Governance and Cybersecurity

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- 195 **Contingency and disaster recovery plan**
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- 197 **Disclosure about education and training efforts to mitigate cybersecurity risks**

The Board Responsibility Statement on Cybersecurity Risk and Breach Management

The Board of Directors of the Company recognizes the critical importance of managing cybersecurity risks in today's digital landscape. As stewards of the company's long-term success and stakeholder trust, the Board is committed to effectively evaluating, managing, and enforcing compliance with legal and regulatory requirements related to cyber risks. This statement outlines the Board's commitment to addressing cyber risks and responding to breaches in line with best practices and applicable laws. The Board is committed to:

Cyber Risk Evaluation and Management

Understanding Company's cyber risk environment through ongoing assessments of potential threats, vulnerabilities, and impacts on operations, assets, reputation, and stakeholders. The Board oversees a comprehensive cyber risk management framework, including asset identification, threat assessment, safeguard implementation, and regular strategy updates.

Legal and Regulatory Compliance

Ensuring Company's adherence to all applicable laws and regulations related to data protection, privacy, information security, and cybersecurity. The Board works closely with management to align the company's practices with the evolving legal and regulatory landscape.

Oversight of Cybersecurity Policies and Procedures

Overseeing the development, implementation, and monitoring of robust cybersecurity policies and procedures tailored to Company's specific risk profile. These policies cover data protection, access controls, incident response, employee training, and ongoing risk assessments.

Breach Response and Communication

Actively overseeing the response strategy in the event of a breach, ensuring swift action, containment, and communication with stakeholders, including customers, shareholders, regulatory authorities, and law enforcement as necessary.

Continual Improvement and Reporting

Committing to continuous improvement in cybersecurity practices through regular reviews of cyber risk management efforts, incident response plans, and breach communication protocols. Providing regular updates to shareholders and stakeholders about Company's cyber risk posture and actions taken.

IT Governance Policy

Company's IT Governance Policy ensures that IT is used effectively and efficiently to support the company's objectives. This policy is designed to maximize IT value by balancing benefit realization with risk management and resource optimization.



The framework establishes principles and objectives for initiating, implementing, maintaining, monitoring, and enhancing IT governance controls within the organization. It specifies IT governance control requirements applicable to Company's information assets. Additionally, the framework provides guidance on IT governance requirements for Company, including its staff, third parties, and customers.

The Company's IT Governance Policy is mainly charged with;

- Ensuring IT strategies support Company's business goals, enhancing operational efficiency and competitiveness.
- Managing IT resources—hardware, software, personnel, and budgets—to maximize productivity and reduce costs.
- Identifying and mitigating IT-related risks such as cybersecurity threats and data breaches to protect critical operations.
- Ensuring IT practices adhere to industry regulations, legal requirements, and internal policies. This involves staying up-to-date with regulatory requirements, conducting regular annual SAP third-party audits, and implementing controls to ensure compliance.
- Regularly assessing IT performance, including system uptime, data integrity, and service delivery.
- Facilitating the adoption of new technologies and innovations to drive growth and efficiency.
- **Policy Implementation:**
 - Establishing principles for initiating, implementing, maintaining, monitoring, and enhancing IT governance controls.
 - Providing guidance on IT governance requirements for staff, third parties, and customers.

IT Security Policy

The IT Security Policy aims to ensure business continuity and minimize 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 Security policy ensures that:

- Safeguarding information from unauthorized access.
- Preventing unauthorized disclosure or interruption.
- Protecting against unauthorized modification to maintain information accuracy and completeness.
- Meeting regulatory and legislative requirements, including record-keeping standards.
- Producing, maintaining, and testing Disaster Recovery Plans to ensure availability of information and services.
- Making information on security matters available to all staff.
- Reporting and investigating all breaches of information security, actual or suspected.



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;

- Meeting business requirements for information availability and system functionality.
- Assigning responsibility for information security to a designated officer.
- Ensuring all managers implement the policy within their areas and ensure adherence by their staff.
- Requiring each employee to adhere to the policy.

Industry specific requirements for cybersecurity and strategy

The Company's IT team has successfully implemented several advanced security measures, including next-generation edge network firewalls, a cloud-based web application firewall, a cloud-based endpoint Extended Detection and Response (XDR) solution, an email security gateway, and comprehensive user access policies and procedures aligned with industry best practices. These controls are designed to create a secure environment and defend against a variety of cybersecurity threats.

These solutions have been implemented to enhance threat detection and response capabilities through improved data visibility, utilization of threat intelligence, and advanced data analytics.

Board's risk oversight function for Cybersecurity

The Board of Directors of the Company has delegated oversight of cybersecurity risk management to the Group IT Steering Committee. This delegation ensures alignment with management on the appropriate risk appetite related to cybersecurity, recognizing it as an enterprise-wide issue affecting all divisions and functions.

Formation of Group IT Steering Committee

- Group IT Steering Committee, composed of directors from each company including Cherat Packaging Limited. This committee plays a pivotal role in promoting broader accountability for cybersecurity risks at the management level. Its responsibilities include discussing strategic initiatives, prioritizing risks, and reviewing IT security policies and recommendations from third-party audits.
- The IT Steering Committee has actively endorsed and directed the IT teams to implement a variety of cybersecurity controls aimed at mitigating the risks associated with cyberattacks.

Management Engagement

- Ensuring that cybersecurity is understood and managed across all divisions, with clear communication about controls, employee training, and incident response protocols.

Control and procedures for Cybersecurity Early Warning system and associated risks

As networks and systems continuously evolve due to emerging threats, organizational growth, and new regulatory or business requirements, traditional analysis tools primarily focus on recording and identifying threats through logging, analysis, and reporting over time.

The IT Steering Committee regularly reviews security policies, controls, and third-party audit findings. In response, the IT team has deployed a variety of security solutions and monitoring tools.

Current Measures:

- Security system including network monitoring, next-generation firewalls, web application firewalls, email security gateways, and endpoint extended detection and response (XDR) solutions.
- A powerful firewall log management and analytics platform that centralizes configurations, events, and alerts, offering advanced threat visualization and actionable insights.

Implementation of Recommendations:

- Third-Party Audits ensured that recommendations from third-party security audits are implemented to address identified vulnerabilities.

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.

The IT Steering Committee supports and participates in comprehensive security assessments, including Vulnerability Assessment and Penetration Testing (VAPT).

Assessment Process:

- **VAPT Approach:** The IT Steering Committee has instructed the IT teams to conduct Vulnerability Assessment and Penetration Testing (VAPT) of IT assets by a third-party company every two years. This process provides a detailed view of potential threats to applications, enabling the IT security team to focus on mitigating critical vulnerabilities.
- **Review and Implementation:** VAPT reports are reviewed by the IT Steering Committee, leading to the implementation of recommended patches and revalidation by third-party providers.

Contingency and disaster recovery plan

The Board of Directors of the Company has approved and continually reviews the company's IT Policy and Business Continuity Plan. Management has arranged for offsite data storage facilities, and key records are maintained at multiple locations. Employees are trained on the procedures to follow in case of an emergency. Business Continuity Planning has become a crucial aspect of our management strategy in recent 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.

Disaster Recovery Plan and IT Infrastructure

The company utilizes cloud solutions provided by SAP for both its production and disaster recovery sites. This setup ensures uninterrupted IT functions even if there is infrastructural damage at one site.

For data not related to SAP, the company's production site is co-located, with a disaster recovery site at the Karachi head office. This setup ensures that the company can continue its operations smoothly in the event of a disaster.

The company operates multiple locations across Pakistan, allowing seamless continuation of operations from any of these sites.

The Company's manufacturing facility is in Gadoon Amazai, 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.

Cyber Insurance

Cybersecurity insurance is an evolving field, with organizations securing such coverage often seen as early adopters. Due to the dynamic nature of cyber risks, cybersecurity policies frequently change, and underwriters have limited historical data to develop risk models for coverage, rates, and premiums.

The Company has an IT equipment insurance policy in place that provides coverage for various technology-related risks. In addition to this insurance, we have implemented a comprehensive Disaster Recovery (DR) and Business Continuity (BC) plan. This plan is designed to address potential incidents such as theft, disasters, and cyberattacks by ensuring that resources are available to restore both data and hardware.

Our IT equipment insurance, combined with our proactive DR and BC strategies, ensures that we are well-prepared to manage and recover from potential disruptions. This integrated approach supports our ability to maintain business operations and swiftly address any IT-related challenges that may arise.



Advancement in digital transformation

The Company is investing in Industry 4.0 technologies to enhance its business process management and reporting capabilities. The IT Steering Committee, under the guidance of the Board of Directors, has chosen to invest in ERP and cloud computing to advance our business process management tools and reporting systems across the organization.

Following the IT Steering Committee's directives, we have transitioned our on-premises SAP ERP solution to the S/4HANA cloud platform. Additionally, we have deployed SAP SuccessFactors for cloud-based human capital management using a Software as a Service (SaaS) model. SAP Analytics Cloud (SAC) has also been implemented, allowing for seamless integration of various data sources and providing a unified view of business activities. SAC offers a comprehensive suite of tools and features for creating interactive and customizable dashboards, enabling professionals at all levels—from analysts to executives—to generate valuable insights through data visualization, thus supporting informed decision-making.

Furthermore, we have introduced a cloud-based endpoint Extended Detection and Response (XDR) solution and a cloud-based Web Application Firewall. These technologies are designed to provide automated threat



detection and response, leveraging data visibility, threat intelligence, and advanced data analytics to enhance our cybersecurity posture.

Disclosure about education and training efforts to mitigate cybersecurity risks

The Company prioritizes cybersecurity education and training to mitigate risks through:

Employee Training

Regular cybersecurity training sessions are provided to all employees. These sessions cover best practices, threat awareness, and safe online behavior to empower our workforce to identify and respond to potential risks.

Specialized Workshops

The Company conducts specialized workshops for IT personnel and other relevant teams. These workshops delve into more advanced topics such as network security, data encryption, and incident response.

Security Policies Communication

The Company ensures that all employees are well-informed about our cybersecurity policies and procedures. This communication helps create a shared understanding of security measures across the organization.

Simulated Phishing Exercises

To enhance vigilance, the Company conducts simulated phishing exercises. These exercises test employees' ability to recognize phishing attempts and reinforce the importance of cautious email interactions.

Regular Updates

Our team continually provides updates on emerging threats and evolving best practices. This keeps employees informed about the ever-changing cybersecurity landscape.

Collaboration with Experts

The Company collaborates with external experts and consultants to provide specialized insights. This external perspective enriches our training efforts and helps us stay ahead of emerging threats.

Reporting Channels

The Company emphasizes the importance of reporting any security concerns promptly. Company's transparent reporting channels ensure that potential threats are addressed swiftly.

Continuous Improvement

Company's education and training efforts are regularly evaluated and refined to align with new threats and technologies. This ensures that company's workforce is well-equipped to mitigate evolving cybersecurity risks.

Through these education and training initiatives, company fosters a culture of cybersecurity awareness and responsibility across our organization, reducing vulnerabilities and enhancing our overall cybersecurity posture.



Future Outlook

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FORWARD LOOKING STATEMENT

In the financial year 2024, Pakistan faced unprecedented economic challenges, largely due to political instability and rising inflation. These issues were aggravated by international conflicts, depreciation of Pakistani rupee, rising energy costs and high discount rates. In response, the government implemented stringent monetary and fiscal measures to stabilize the economy and prevent further deterioration. The packaging sector, which is heavily reliant on other industries, experienced significant impacts from the overall economic slowdown, including inflationary pressures, increased taxation, rising finance costs and uncertain demand.

There are, however, now signs of improvement. Inflation has started showing a downward trend and the current account balance has improved. The successful completion of the Stand-By Arrangement (SBA) and development towards establishing a new IMF program have also supported economic stability. Furthermore, the central bank's reduction of the key policy rate to 17.5% reflects efforts to stimulate growth while easing inflation.

Pakistan's near to medium-term economic outlook is cautiously optimistic. While challenges such as fiscal deficits, energy shortages and political instability persist, there are also promising growth opportunities driven by sectoral advancements, structural reforms, and external economic relations. It is critical for Pakistan to continue its economic reform agenda and focus on strategies that ensure stability and sustainable growth. The new IMF program and associated external funding are vital for the economy's sustainability.

Keeping in view the above, the Company anticipates a challenging year ahead. Nonetheless, the packaging industry in Pakistan shows encouraging prospects. This is driven by a growing and diverse consumer market due to an expanding middle class and increasing urbanization. This trend is expected to boost demand for innovative and sustainable packaging solutions, presenting the Company with opportunities to align with sustainable practices and deliver innovative products to its customers. With the addition of a second Rotogravure printing line last year and a second Flexographic printer in May 2024, the Company is well-positioned to serve a larger customer base and provide cutting-edge solutions.

The Company operates in a market and segments that are exposed to the depreciation of the Pakistani rupee and inflationary pressures on both local and imported raw materials, driven by global supply chain disruptions and geopolitical uncertainties. To mitigate these challenges, the Company has leveraged strategic partnerships with key international and local suppliers, ensuring timely negotiations, pre-orders, and deliveries. Access to power at competitive rates is also crucial for the Company. To reduce electricity costs and achieve sustainability goals, the Company has installed 0.96 MW of solar power panels at its Flexible Packaging Division, which is contributing in

savings in utility expenses. Additionally, the Company benefits from approximately 1 MW of electricity under a wheeling Regime Energy Purchase Agreement with Pakhtunkhwa Energy Development Organization (PEDO) at a reduced rate. The Company continues to refine its operational efficiencies and utilize its resources to counter current pressures and protect the interests of all stakeholders.

The Company strives to comply with applicable regulations 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), URSA (Understanding Responsible Sourcing Audit) and Halal certified.

To foster and sustain a supportive and motivating work environment, the Company has established formal policies focused on staff well-being. These policies include providing access to healthcare, promoting a positive work environment, encouraging open communication, offering professional development opportunities and implementing policies that support work-life balance. Last year, the Company also implemented the premium HR software SuccessFactors to track employee professional development. Based on last year's Training Needs Analysis (TNA) and performance appraisals, the Company conducted relevant technical and leadership training for its employees. The same process is followed on yearly basis. An extensive training program has been developed for all management levels, and the Company is committed to conducting these trainings and supporting employee growth to enhance their technical and management skills in the future.

The Company management is carefully overseeing business needs and implementing appropriate measures to safeguard the interests of stakeholders.

Financial Projections

The Company remains positive about future prospects and expects to perform well in the years to come. The Company is determined to address current challenges by making timely decisions to enhance its operational performance and sustain market leadership. The Company's goal is to be a leading player in the packaging industry through ongoing expansion, diversification, and the strategic realignment of its existing businesses. Although macroeconomic conditions are tough, the Company is well-positioned to capitalize on market opportunities for continued growth. It has repeatedly proven its capability to navigate adversity while building a robust, long-term business model that enhances stakeholder value. The Company will continue to address external challenges by leveraging its financial strength and operational

efficiencies. Management is closely monitoring the economic landscape and will take necessary actions to protect stakeholder interests. Following the recent expansion, the Company anticipates higher revenue from its Flexible Packaging Division due to increased expected sales.

Sources of Information and Assumptions Used for Forecasts

The Company develops its master budget through a detailed annual budgeting process and updates forecasts based on current market conditions, historical performance, and future outlook. Input is gathered from all departments, including marketing, production, and HR, during the budgeting and forecasting phases. Factors such as customer sales, average sale prices, seasonal fluctuations, and economic outlook are considered when preparing the budget for the upcoming year. For new ventures, information is gathered from available market research on the anticipated products. If needed, professional consulting services are engaged to refine the data and assumptions before making a formal feasibility. The feasibility study is then presented to the Board of Directors, where a thorough discussion on the assumptions and financial viability of the project takes place. The results and assumptions are reviewed and approved, with careful attention given to avoid the wishful thinking and ensure that the project's payback period is realistic.

Company Performance Against Last Year Projections

At the beginning of FY 2024, the Company projected moderate growth based on the prevailing economic conditions and expectations. However, a shift in demand from paper sacks to polypropylene bags by the cement industry, a general slowdown in cement dispatches, and increased competition in the polypropylene bag market led to a decline in BMD's sales. Nonetheless, the Company not only achieved but exceeded its budget for FPD sales revenue, due to effective marketing strategies, efficient production, strong management, and rising demand for FMCG products. High inflation, particularly due to increase in electricity tariffs and rising fuel costs, resulted in higher input costs. This had negative impact on the production expenses.

In response to the significant decline in paper sack demand, the Company decided to sell Papersack Lines I, II, and V during the year. The sales proceeds were used to reduce bank borrowings during a period of high interest rates.

Apart from the above, all financial and non-financial targets established during last year were met to a greater extent.

Status of Projects

The Company successfully commissioned its 2nd Flexographic printer in May 2024. This was needed to accommodate anticipated growth and meet customer demands. This state-of-the-art equipment, sourced from M/s. Windmoller & Holscher, is among the most advanced and efficient of its kind. The Company continues to receive positive feedback from customers regarding its flexible packaging materials. Additionally, in view of growing demand for SOS/Carrier Bags, the Company has decided to establish an SOS/Carrier bag unit. This project would need an investment of approximately Rs. 435 million and will be financed through a long-term loan. It is expected to be completed by March 2025. The introduction of this new product category will allow the Company to tap new markets for packaging materials and optimize the use of its available resources.

Research and Development Initiatives

The Company's philosophy is to drive its growth by staying ahead of industry developments. Over time, the Company has diversified into new packaging sectors to align with its long-term goal of becoming a leading player in the packaging industry. Strategic investments in upgrading production capacities with most advance and latest machineries have enabled the Company to maintain an efficient production facility, making its products cost-effective for both the Company and its customers. The Company is committed to deliver high-quality, innovative products through in-house research and discovering novel, improved, and more economical solutions, which provides a competitive edge and fosters long-term customer relationships. Previously, the Company successfully introduced 2-ply paper bags and lowest grammage PP bags for the cement industry. Ongoing product development and the introduction of new products across various markets not only meet customer demands but also reinforce the Company's position as a leading provider of quality packaging solutions in both local and international markets. Additionally, the Company is continuously improving its operational efficiencies and leveraging its resources to address current challenges and safeguard the interests of all stakeholders. Furthermore, as mentioned earlier, the Company has decided to expand into the SOS/Carrier Bags sector, which will allow it to explore new market opportunities.



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 Sabc and Windmoller & Holscher. Our supply chain management team is in continuous contact

with suppliers and vendors through meetings and correspondences to resolve all queries for on time deliveries. Cooperation of our suppliers gives us an extra edge over our competitors.

4. Banks and Other Lenders

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

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

5. Regulators

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

6. Employees

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

7. Institutional Investors and Analysts' Briefing

Institutional investors regularly obtain general business briefings and financial reports from management. Formal meetings are also arranged whenever needed. Without compromising the confidentiality, business analysts are provided with information and briefings as and when they require. The strong connection with institutional investors and analysts facilitates in avoiding any misconception / 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. In the past, the Company has worked for the rehabilitation of flood affectees and internally displaced persons (IDPs). Cherat Packaging has collaborated with many reputable organizations and NGOs. The Company has always stood by the people of Pakistan in their hour of need and shall continue to do so.

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

Investors 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 Tuesday October 24, 2023 at 11:00 a.m. The meeting was properly organized and well attended by the Shareholders.

The shareholders commended the management for their tireless efforts in achieving another outstanding year in production and sales, despite challenging economic conditions.

The Shareholders raised various questions regarding the Financial Statements. The management addressed all the questions of Shareholders in detail.

The cement sector has shifted from paper to polypropylene bags (PP Bags), this resulted in decline in sales of paper bags. In addition to the above, the Flexible Packaging Division (FPD) is the future of the company going forward. The FPD has performed quite well and is continuously striving to further improve its clientele and generate better profits.

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

Our esteemed shareholders attended the AGM and expressed their appreciation to the management for successfully achieving the business objectives. The Annual General Meeting provides ample opportunity to interact with the shareholders of the Company. The AGM of the Company was conducted in person and virtually through video link on Tuesday, October 24, 2023 and the queries of shareholders were properly addressed in the following manner.

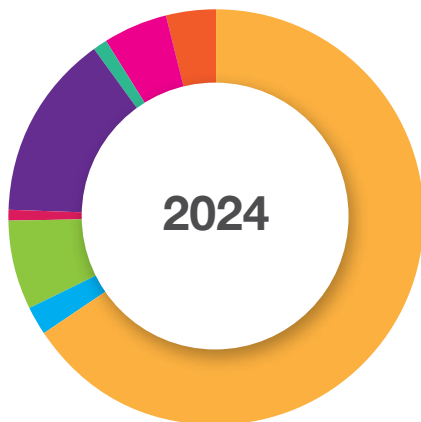
The cement sector has shifted from paper to polypropylene bags (PP Bags), this resulted in decline in sales of paper bags. In addition to the above, the Flexible Packaging Division (FPD) is the future of the company going forward. The FPD has performed quite well and is continuously striving to further improve its clientele and generate better profits.

In a reply to the query from a shareholder regarding the business of Flexible Packaging Division the Company informed that the FPD has continued to perform well while the bags manufacturing division showed a slight slowdown primarily due to reduction in the cement demand recently.

STATEMENT OF VALUE ADDITION AND DISTRIBUTION OF WEALTH

	2024		2023	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth generated				
Net Sales (including Sales Tax)	16,293,746	94.25%	19,447,245	99.51%
Other operating Income	994,847	5.75%	95,984	0.49%
	<u>17,288,593</u>	<u>100.00%</u>	<u>19,543,229</u>	<u>100.00%</u>
Distribution of wealth				
Cost of sales (Excluding employees' remuneration)	11,376,982	65.81%	12,481,513	63.87%
Distribution, Administration and certain other expenses (Excluding employees' remuneration)	368,817	2.13%	233,773	1.20%
Employees' remuneration	1,180,464	6.83%	1,037,661	5.31%
Government as direct taxes (including Workers' Welfare Fund)	163,459	0.95%	782,112	4.00%
Government as indirect taxes	2,473,593	14.31%	2,892,983	14.80%
Dividends*	220,929	1.28%	144,949	0.74%
To debt providers	837,730	4.85%	1,201,904	6.15%
To society as donation	1,656	0.01%	5,033	0.03%
Retained	664,963	3.85%	763,301	3.91%
	<u>17,288,593</u>	<u>100.00%</u>	<u>19,543,229</u>	<u>100.00%</u>

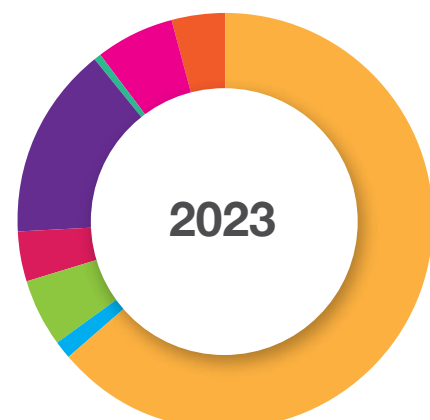
*Subsequent to year ended June 30, 2024, the Board of Directors in its meeting held on August 22, 2024 has proposed final cash dividend @ Rs. 3.50 per share amounting to Rs. 171.83 million (2023: Rs. 2.00 per share amounting to Rs. 98.19 million) for approval of the members at the Annual General Meeting.



Distribution of wealth

● Cost of sales (Excluding employees' remuneration)	65.81%
● Distribution, Administration and certain other expenses (Excluding employees' remuneration)	2.13%
● Employees' remuneration	6.83%
● Government as direct taxes (including Workers' Welfare Fund)	0.95%
● Government as indirect taxes	14.31%
● Dividends*	1.28%
● To debt providers	4.85%
● To society as donation	0.01%
● Retained	3.85%

Distribution of wealth	
● Cost of sales (Excluding employees' remuneration)	63.87%
● Distribution, Administration and certain other expenses (Excluding employees' remuneration)	1.20%
● Employees' remuneration	5.31%
● Government as direct taxes (including Workers' Welfare Fund)	4.00%
● Government as indirect taxes	14.80%
● Dividends*	0.74%
● To debt providers	6.15%
● To society as donation	0.03%
● Retained	3.91%







Striving for Excellence in Corporate Reporting

210 Statement of Unreserved Compliance of International Financial Reporting Standards (IFRS) Issued by International Accounting Standards Board (IASB)

210 Best Corporate Report Criteria Cross Referred With Page Numbers Of The Annual Report

STATEMENT OF UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 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:

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 - First Time Adoption of IFRSs	01 January 2004

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.

Karachi: August 22, 2024



Amer Faruque
Chief Executive

BEST CORPORATE REPORT CRITERIA CROSS REFERRED WITH PAGE NUMBERS OF THE ANNUAL REPORT

Best Corporate Report criteria cross referred with the page numbers of this Annual Report has been placed on the Company's website (<https://gfg.com.pk/cpl>).



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
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
FMCG	Fast Moving Consumer Goods
FPD	Flexible Packaging Division
HSE	Health, Safety, and Environment
IAS	International Accounting Standards (Accounting standards of the IASB)
IASA	International Accounting Standards Association
IASB	International 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.
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.
URSA	Understanding Responsible Sourcing Audit
WACC	Weighted Average Cost of Capital
Working Capital	Current assets minus current liabilities



Financial Statements

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	E-Dividend Mandate Form



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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 2024, 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 2024 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 matters	How the matter was addressed in our audit
<p>1. Valuation of stock-in-trade</p> <p>As at reporting date, the Company held stock-in-trade amounting to Rs. 2,946.914 million which constitutes 21.36% of total assets, as disclosed in note 9 to the financial statements.</p> <p>As described in note 3.4 to the financial statements, stock-in-trade is measured at lower of cost and Net Realizable Value (NRV). The cost of work-in-process and finished goods is determined at average manufacturing cost including a proportion of production overheads. Judgements are required to determine the appropriate basis for costing and its valuation.</p> <p>Given the significance of the amount involved and the level of judgements and estimates required to value the stock-in-trade, we have identified valuation of stock-in-trade as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> - 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

A handwritten signature in black ink, appearing to read 'Omer Chughtai', is written over the printed name.

Chartered Accountants

Place: Karachi

Date: 6 September 2024

UDIN: AR202410120YFjkCmyRs

Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	6,650,821	5,987,585
Intangible assets	5	9,876	6,531
		6,660,697	5,994,116
Long-term investments	6	874,122	645,701
Long-term security deposits	7	271	721
		7,535,090	6,640,538
CURRENT ASSETS			
Stores, spare parts and loose tools	8	653,901	601,390
Stock-in-trade	9	2,946,914	5,457,707
Trade debts	10	2,177,033	2,546,377
Advances	11	6,024	8,459
Trade deposits and short-term prepayments	12	16,637	106,785
Other receivables	13	1,498	99,033
Short-term investment	14	-	123,963
Taxation – net		363,495	333,893
Cash and bank balances	15	92,322	37,279
		6,257,824	9,314,886
Non-current assets classified as held for sale	16	-	478,371
		6,257,824	9,793,257
TOTAL ASSETS		13,792,914	16,433,795
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	490,954	490,954
Reserves	18	7,661,192	6,709,572
		8,152,146	7,200,526
NON-CURRENT LIABILITIES			
Long-term financing	19	2,106,635	2,164,712
Deferred taxation	20	1,013,170	1,047,602
Government grant	21	185,003	213,969
		3,304,808	3,426,283
CURRENT LIABILITIES			
Trade and other payables	22	1,710,737	2,026,821
Accrued mark-up		103,716	318,349
Short-term borrowings	23	121,759	2,785,631
Current maturity of long-term financing	19	360,684	636,850
Current maturity of government grant	21	28,966	29,046
Unpaid dividend		1,303	2,155
Unclaimed dividend	24	8,795	8,134
		2,335,960	5,806,986
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		13,792,914	16,433,795

The annexed notes from 1 to 46 form an integral part of these financial statements.



Amer Faruque
Chief Executive Officer



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Statement of Profit or Loss

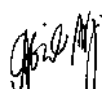
For the year ended June 30, 2024

	Note	2024	2023 (Restated)
		----- (Rupees in '000) -----	
Turnover – net	26	13,820,153	16,554,262
Cost of sales	27	(12,358,782)	(13,277,189)
Gross profit		1,461,371	3,277,073
Distribution costs	28	(256,168)	(244,831)
Administrative expenses	29	(185,419)	(180,802)
Other expenses	30	(133,026)	(77,182)
		(574,613)	(502,815)
Other income	31	994,847	95,984
Operating profit		1,881,605	2,870,242
Finance costs	32	(837,730)	(1,201,904)
Profit before income tax and final taxes		1,043,875	1,668,338
Final taxes	33	(5,599)	(4,359)
Profit before income tax		1,038,276	1,663,979
Income tax			
Current		(180,855)	(463,765)
Prior		2,635	24,553
Deferred		25,836	(316,517)
	34	(152,384)	(755,729)
Net profit for the year		885,892	908,250
Earnings per share - basic and diluted	35	Rs. 18.04	Rs. 18.50

The annexed notes from 1 to 46 form an integral part of these financial statements.



Amer Faruque
Chief Executive Officer



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Statement of Comprehensive Income

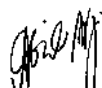
For the year ended June 30, 2024

	2024	2023
	----- (Rupees in '000) -----	
Net profit for the year	885,892	908,250
Other comprehensive income / (loss)		
Items that may not be reclassified subsequently to the statement of profit or loss:		
Unrealized gain on remeasurement of equity instrument at fair value through other comprehensive income	228,292	145,127
Actuarial (loss) / gain on defined benefit plan - net of deferred tax	(15,279)	2,110
	213,013	147,237
Total comprehensive income for the year	1,098,905	1,055,487

The annexed notes from 1 to 46 form an integral part of these financial statements.



Amer Faruque
Chief Executive Officer



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2024

Note	2024	2023
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax and final taxes	1,043,875	1,668,338
Adjustments for:		
Depreciation	4.1.4 353,746	390,815
Amortization	5.1 1,189	801
Gain on disposal of operating property, plant and equipment	4.1.5 (6,243)	(11,928)
Gain on disposal of assets classified as held for sale	31 (902,941)	-
Commission on disposal of assets classified as held for sale	30 91,228	-
Exchange loss	30 44	714
Gratuity expense	24,801	20,708
Stores and spares parts – written off	619	222
Stock-in-trade – written off	32,999	-
Amortization of government grant	21 (29,046)	(35,150)
Share of profit from joint venture	31 (129)	(156)
Dividend income	31 (23,975)	(23,975)
Finance costs	32 837,730	1,201,904
	380,022	1,543,955
	1,423,897	3,212,293
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	(53,130)	(121,184)
Stock-in-trade	2,477,794	(796,347)
Trade debts	369,344	294,361
Advances	2,435	(2,081)
Trade deposits and short-term prepayments	90,148	(71,870)
Other receivables	97,535	164,227
Short-term investment	123,963	(123,963)
	3,108,089	(656,857)
(Decrease) / increase in current liabilities:		
Trade and other payables	(340,504)	253,703
Cash generated from operations	4,191,482	2,809,139
Income tax and final taxes paid	(213,421)	(233,395)
Gratuity paid	(24,300)	(19,750)
Long-term loans and security deposit	450	-
Net cash generated from operating activities	3,954,211	2,555,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(999,396)	(1,248,926)
Additions to intangible assets	(4,534)	(2,733)
Proceeds from disposal of operating property, plant and equipment	4.1.5 26,685	20,523
Proceeds from disposal of assets classified as held for sale	1,381,312	-
Commission paid on disposal of assets classified as held for sale	30 (91,228)	-
Dividend received	23,975	23,975
Net cash generated from / (used in) investing activities	336,814	(1,207,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	(334,243)	343,937
Finance costs paid	(1,090,391)	(1,090,332)
Dividend paid	(147,476)	(110,889)
Net cash used in financing activities	(1,572,110)	(857,284)
Net increase in cash and cash equivalents	2,718,915	491,549
Cash and cash equivalents as at the beginning of the year	(2,748,352)	(3,239,901)
Cash and cash equivalents as at the end of the year	39 (29,437)	(2,748,352)

The annexed notes from 1 to 46 form an integral part of these financial statements.



Amer Faruque
Chief Executive Officer



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2024

Issued, Subscribed and Paid-up Capital	Reserves						Total
	Capital Reserve	Revenue Reserves				Total reserves	
	Share premium	General reserve	Unappro- priated profit	Actuarial gain / (loss) on defined benefit plan-net of deferred tax	Unrealized gain on listed equity investment		

----- (Rupees in '000) -----

Balance as at July 01, 2022	425,069	998,628	180,000	4,349,650	7,070	295,140	5,830,488	6,255,557
Final cash dividend for the year ended June 30, 2022 @ Rs. 1.50 per share	-	-	-	(63,760)	-	-	(63,760)	(63,760)
Bonus shares issued in the ratio of 10 shares for every 100 shares held	42,507	-	-	(42,507)	-	-	(42,507)	-
Interim cash dividend for the year ended June 30, 2023 @ Re. 1.00 per share	-	-	-	(46,758)	-	-	(46,758)	(46,758)
Bonus shares issued in the ratio of 5 shares for every 100 shares held	23,378	-	-	(23,378)	-	-	(23,378)	-
Net profit for the year	-	-	-	908,250	-	-	908,250	908,250
Other comprehensive income for the year	-	-	-	-	2,110	145,127	147,237	147,237
Total comprehensive income for the year	-	-	-	908,250	2,110	145,127	1,055,487	1,055,487
Balance as at June 30, 2023	490,954	998,628	180,000	5,081,497	9,180	440,267	6,709,572	7,200,526
Balance as at July 01, 2023	490,954	998,628	180,000	5,081,497	9,180	440,267	6,709,572	7,200,526
Final cash dividend for the year ended June 30, 2023 @ Rs. 2.00 per share	-	-	-	(98,190)	-	-	(98,190)	(98,190)
Interim cash dividend for the year ended June 30, 2024 @ Re. 1.00 per share	-	-	-	(49,095)	-	-	(49,095)	(49,095)
Net profit for the year	-	-	-	885,892	-	-	885,892	885,892
Other comprehensive (loss) / income for the year	-	-	-	-	(15,279)	228,292	213,013	213,013
Total comprehensive income for the year	-	-	-	885,892	(15,279)	228,292	1,098,905	1,098,905
Balance as at June 30, 2024	490,954	998,628	180,000	5,820,104	(6,099)	668,559	7,661,192	8,152,146

The annexed notes from 1 to 46 form an integral part of these financial statements.



Amer Faruque
Chief Executive Officer



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2024

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Cherat Packaging Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1989. Its main business activities are manufacturing, marketing and sale of paper sacks, polypropylene bags and flexible packaging material. The Company is listed on Pakistan Stock Exchange Limited. The geographical location and addresses of the Company's business units / immovable assets are as under:

Business unit	Address
Registered office / sales office	1st Floor, Betani Arcade, Jamrud Road, Peshawar
Head office	3rd Floor, Modern Motors House, Beaumont Road, Karachi
Sales office	3, Sunder Das Road, Lahore
Sales office	1st Floor, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad
Bags manufacturing division (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)

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 as applicable in Pakistan comprise of:

- 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 below.

2.3 New standards and amendments to approved accounting standards

2.3.1 Adoption of amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

Amendments to approved accounting standards

IAS 8

Definition of Accounting Estimates (Amendments)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

IAS 1 and IFRS

Disclosure of Accounting Policies (Amendments)

Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IAS 12

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The above amendments do not have any significant impact on the Company's 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:

Standards / Amendments		Effective date (annual periods beginning on or after)
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IAS 21	Lack of exchangeability - Amendments to IAS 21	January 01, 2025
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026

Standards / Amendments		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004

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

2.5 Significant accounting estimates, judgments and assumptions

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

In the process of applying the accounting policies, management has made the following estimates, judgments and assumptions 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 liability method on temporary differences arising at the statement of financial position between the tax bases of the assets, the liabilities and their carrying amounts.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences including unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited to statement of profit or loss.

The Company reclassified the final taxes under the levy within the scope of IFRIC 21/IAS 37 in the statement of profit or loss account. Consequently, there is no change in profit after tax due to this reclassification, the three column impact, in the context of restatement in the Company's financial statements, is not material.

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

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

2.5.4 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 analyzed. The Company's historical credit loss experience and forecast of economic conditions may not be representative of actual default in the future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Company in the preparation of these financial statements are as follows:

3.1 Property, plant and equipment

Property, plant and equipment except for land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work-in-progress are stated at cost less impairment, if any. Capital work-in progress consists of expenditure incurred and advances made in the course of an asset's construction and installation. Depreciation is charged to statement of profit or loss applying the reducing balance method except for computers which are depreciated on straight-line method, at the rates mentioned in note 4.1 to these financial statements, and certain plant and machinery of flexible packaging division as mentioned in note 4.1.1 to these financial statements which are depreciated using the units of production method. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

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

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

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

3.2 Investments

3.2.1 At fair value through other comprehensive income

These investments are initially recognized at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

All gains or losses from change in the fair value of these investments are recognized directly in other comprehensive income.

3.3 Stores, spare parts and loose tools

These are valued at lower of weighted average cost or 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. NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.4 Stock-in-trade

Raw materials and finished goods are valued at lower of weighted average cost or 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.

3.5 Trade debts, loans, deposits and other receivables

Trade debts, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

3.6 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.

3.7 Share capital and reserves

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves comprise of capital and revenue reserves. Capital reserves represent share premium while revenue reserves comprise of general reserves and unappropriated profit. The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, etc.

3.8 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.

3.8.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortized 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 amortized 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 recognized 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 amortized 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 amortized 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 payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in unconsolidated statement of profit or loss when the asset is derecognized, 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 recognized 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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (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.

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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes 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 recognizes 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 recognized 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 cash flows due in accordance with the contract and all the cash flows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cash flows 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 recognizes 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 forward-looking 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.

3.8.2 Financial liabilities

Financial liabilities - loans and borrowings are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method. These are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date. The Company has not designated any financial liabilities at FVTPL.

3.8.3 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 recognized 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.

3.9 Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to expense, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

3.10 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.

3.11 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 recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

3.12 Revenue recognition

Revenue is recognized at the point in time when control of the asset is transferred to the customer. The Company has concluded that it is acting as a principal in its revenue arrangements. Revenue is measured at fair value of the consideration received or receivable and is recognized on the following basis:

3.12.1 Sale of goods

Revenue from sale of goods is recognized when or as control of goods have been transferred to a customer either over time or at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates.

3.12.2 Other income

Profit on savings accounts is recognized on accrual basis using an effective interest rate method.

Dividend income is recognized when the right to receive such payment is established.

Other revenues are accounted when performance obligations are met.

3.13 Staff retirement benefits

3.13.1 Gratuity fund

The Company operates an approved and funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the other comprehensive income. All the past service costs are recognized at the earlier of when the amendments or curtailment occurs and when the Company has recognized related restructuring or terminations benefits.

3.13.2 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.

3.14 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.15 Taxation

3.15.1 Current

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

3.15.2 Deferred

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

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 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.

Pursuant to the release of circular 7/2024 by the Institute of Chartered Accountants of Pakistan, the Company has elected to change the method of accounting for minimum taxes and final taxes.

The Company has elected to designate the amount calculated on taxable income using the enacted tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess (except for Alternative Corporate Tax) over the amount designated as income tax, will then be recognized as a levy falling under the scope of IFRIC 21 / IAS 37.

As computation of final taxes under provisions of ITO, 2001 is not based on taxable income, therefore, final taxes fall under levy within the scope of IFRIC 21/IAS 37 and not income tax in the statement of profit or loss.

3.15.3 Sales tax

Revenues, expenses and assets are recognized net of amount of sales tax except:

- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables or payables that are stated with the amount of sales tax included; and
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of assets or liabilities in the statement of financial position.

3.16 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.

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.18 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the

debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 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.

3.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

3.20 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.21 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.

3.22 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

4. PROPERTY, PLANT AND EQUIPMENT

		2024	2023
	Note	----- (Rupees in '000) -----	
Operating property, plant and equipment	4.1	6,446,036	5,834,403
Capital work-in-progress	4.2	204,785	153,182
		<u>6,650,821</u>	<u>5,987,585</u>

4.1 Operating property, plant and equipment

2024 Description	COST					ACCUMULATED DEPRECIATION					NET BOOK VALUE	DEPRECIATION RATE
	As at July 01, 2023	Additions (Note 4.2)	Disposals (Note 4.1.5)	Assets classified as held for sale	As at June 30, 2024	As at July 01, 2023	Disposals	Charge for the year (Note 4.1.4)	Assets classified as held for sale	As at June 30, 2024	As at June 30, 2024	% per annum
(Rupees in '000)												
Leasehold land	77,022	-	-	-	77,022	-	-	-	-	-	77,022	-
Building on leasehold land	1,399,104	6,459	-	-	1,405,563	514,268	-	72,798	-	587,066	818,497	5-10
Plant and machinery	5,344,448	860,505	-	-	6,204,953	1,273,738	-	180,018	-	1,453,756	4,751,197	5-7.5
Power and other installations	367,033	-	(23,497)	-	343,536	109,811	(5,404)	20,010	-	124,417	219,119	7.5-10
Furniture and fittings	91,268	10,343	-	-	101,611	27,407	-	6,541	-	33,948	67,663	5-10
Vehicles	302,503	49,943	(11,510)	-	340,936	123,497	(9,220)	40,381	-	154,658	186,278	20
Equipment	420,084	41,019	-	-	461,103	132,247	-	23,265	-	155,512	305,591	7.5-10
Computers	77,627	17,552	(896)	-	94,283	63,718	(837)	10,733	-	73,614	20,669	33.33
	8,079,089	985,821	(35,903)	-	9,029,007	2,244,686	(15,461)	353,746	-	2,582,971	6,446,036	

2023 Description	COST					ACCUMULATED DEPRECIATION					NET BOOK VALUE	DEPRECIATION RATE
	As at July 01, 2022	Additions (Note 4.2)	Disposals (Note 4.1.5)	Assets classified as held for sale	As at June 30, 2023	As at July 01, 2022	Disposals	Charge for the year (Note 4.1.4)	Assets classified as held for sale	As at June 30, 2023	As at June 30, 2023	% per annum
(Rupees in '000)												
Leasehold land	77,022	-	-	-	77,022	-	-	-	-	-	77,022	-
Building on leasehold land	1,394,875	4,229	-	-	1,399,104	435,520	-	78,748	-	514,268	884,836	5-10
Plant and machinery	5,028,068	1,149,492	-	(833,112)	5,344,448	1,417,770	-	210,709	(354,741)	1,273,738	4,070,710	5-7.5
Power and other installations	367,033	-	-	-	367,033	86,421	-	23,390	-	109,811	257,222	7.5-10
Furniture and fittings	80,210	11,058	-	-	91,268	21,111	-	6,296	-	27,407	63,861	5-10
Vehicles	244,676	82,935	(25,108)	-	302,503	101,459	(16,657)	38,695	-	123,497	179,006	20
Equipment	390,602	29,482	-	-	420,084	109,106	-	23,141	-	132,247	287,837	7.5-10
Computers	68,262	9,794	(429)	-	77,627	54,167	(285)	9,836	-	63,718	13,909	33.33
	7,650,748	1,286,990	(25,537)	(833,112)	8,079,089	2,225,554	(16,942)	390,815	(354,741)	2,244,686	5,834,403	

4.1.1 Following plant and machinery relating to Flexible Packaging Division are depreciated using units of production method:

- Flexo graphic printer
- Rotogravure printer
- Extrusion line
- Laminators

4.1.2 Particulars of significant plant and machinery are given below:

Kraft paper bags plant

Tuber – 2 machines

Bottomer – 2 machines

Polypropylene bags plant

Extrusion line – 4 machines

Coating line – 4 machines

Printing line – 4 machines

Bags conversion line – 6 machines

Flexible packaging plant

Flexo graphic printer - 2 printers

Rotogravure - 2 printers

Extrusion line

Laminator – 3 machines

Bag making machine

	Note	2024	2023
		----- (Rupees in '000) -----	
4.1.3 Reconciliation of net book value:			
Net book value as at the beginning of the year		5,834,403	5,425,194
Additions during the year - at cost		985,821	1,286,990
Depreciation charge for the year		(353,746)	(390,815)
Disposals during the year - at book value	4.1.5	(20,442)	(8,595)
Non-current assets classified as held for sale - at book value	4.1	-	(478,371)
Net book value as at the end of the year		6,446,036	5,834,403
4.1.4 The depreciation charge for the year has been allocated to:			
Cost of sales	27	333,109	371,313
Distribution costs	28	14,548	13,408
Administrative expenses	29	6,089	6,094
		353,746	390,815

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

Description	Cost	Net book value	Sale proceeds	Gain (Note 31)	Mode of disposal	Particulars of buyers and relationship, if any
----- (Rupees in '000) -----						
Power and other installations						
MV AVR 400A, 95kV	23,497	18,093	20,000	1,907	Insurance claim	EFU Insurance
Vehicles						
Toyota Corolla	2,172	566	566	-	Employee scheme	Mr. Azeem Anwar
Toyota Corolla	2,409	814	814	-	Employee scheme	Mr. Qamar Nisar
Items having book value less than Rs. 500,000 each						
Vehicles	6,929	910	5,166	4,256		
Computers	896	59	139	80		
2024	35,903	20,442	26,685	6,243		
2023	25,537	8,595	20,523	11,928		

4.2 Capital work-in-progress

	Building on leasehold land	Plant and machinery	Power and other installations	Furniture and fittings	Vehicles	Equipment	Computers	Total
----- (Rupees in '000) -----								
Balance as at June 30, 2022	6,443	28,119	459	-	11,187	83,943	301	130,452
Capital expenditure incurred / advances made during the year	1,014	1,162,483	496	11,058	73,148	52,028	9,493	1,309,720
Transferred to operating property, plant and equipment	(4,229)	(1,149,492)	-	(11,058)	(82,935)	(29,482)	(9,794)	(1,286,990)
Balance as at June 30, 2023	3,228	41,110	955	-	1,400	106,489	-	153,182
Capital expenditure incurred / advances made during the year	11,051	842,892	11,305	10,453	54,255	89,916	17,552	1,037,424
Transferred to operating property, plant and equipment	(6,459)	(860,505)	-	(10,343)	(49,943)	(41,019)	(17,552)	(985,821)
Balance as at June 30, 2024	7,820	23,497	12,260	110	5,712	155,386	-	204,785

4.2.1 During the year, borrowing costs on long-term financing obtained have been capitalized amounting to Rs. 38.03 million (2023: Rs. 60.79 million), using a capitalization rate of 21.73% (2023: 19.61%) per annum in Flexible Packaging Division.

4.3 Fair value of property, plant and equipment

The Company assessed fair value of property, plant and equipment (excluding land and building) in May 2023 through an independent valuer. The Company used the fair value of plant and machinery as per the valuation report and included all assets capitalized subsequently at book value. Resultantly, the fair value of property, plant and equipment assessed amounts to Rs. 7,212 million (2023: Rs. 7,350 million); however, the same has not been incorporated in these financial statements.

5. INTANGIBLE ASSETS

Description	COST				AMORTIZATION				NET BOOK VALUE	AMORTIZATION RATE
	As at July 01,	Additions during the year	Disposals during the year	As at June 30,	As at July 01,	Disposals	Charge for the year (Note 5.1)	As at June 30,	As at June 30,	% per annum
----- (Rupees in '000) -----										
2024										
ERP System/ Software	19,673	4,534	-	24,207	13,142	-	1,189	14,331	9,876	10
2023										
ERP System/ Software	16,940	2,733	-	19,673	12,341	-	801	13,142	6,531	10

Note **2024** 2023
----- (Rupees in '000) -----

5.1 The amortization charge for the year has been allocated to:

Cost of sales	27	692	554
Administrative expenses	29	497	247
		1,189	801

6. LONG-TERM INVESTMENTS

Investment associated company

At fair value through other comprehensive income 6.1 **869,108** 640,816

Investment in joint venture

Investment in UniEnergy Limited 6.2 **5,014** 4,885

874,122 645,701

6.1 At fair value through other comprehensive income

Cherat Cement Company Limited **869,108** 640,816

6.1.1 Represents 5,327,698 (2023: 5,327,698) ordinary shares of Rs. 10/- each representing 2.74% (2023: 2.74%) interest.

Note **2024** 2023
----- (Rupees in '000) -----

6.2 Investment in UniEnergy Limited

As at the beginning of the year 6.2.1 **4,885** 4,729

Share of profit - unaudited 31 **129** 156

As at the end of the year **5,014** 4,885

6.2.1 Represents 462,000 (2023: 462,000) shares of Rs. 10/- each representing 4.62% (2023: 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 have been made in accordance with the requirements of section 199 of the Act.

Note **2024** 2023
----- (Rupees in '000) -----

7. LONG-TERM SECURITY DEPOSITS – considered good

Sector wise analysis is as follows:

Government sector – secured **121** 571

Other sectors – unsecured **150** 150

7.1 **271** 721

7.1 These deposits do not carry any interest.

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	8.1	67,623	63,986
Spare parts		522,130	476,128
Loose tools		1,144	998
		590,897	541,112
Stores-in-transit		63,004	60,278
		653,901	601,390
8.1	This includes written-down of stores amounting to Rs. 0.62 million (2023: Rs 0.22 million).		
	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
9. STOCK-IN-TRADE			
Raw material			
In hand	9.1	2,384,288	4,395,992
In-transit		33,554	319,337
		2,417,842	4,715,329
Work-in-process		238,498	209,442
Finished goods	9.1	262,270	506,849
Polypropylene scrap goods / reworkable material		28,304	26,087
		2,946,914	5,457,707
9.1	This includes written-down of raw material and finished goods amounting to Rs. 22.22 million (2023: Nil) and Rs.10.78 million (2023: Nil) respectively.		
	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
10. TRADE DEBTS			
Considered good			
unsecured	10.2	2,220,703	2,590,047
Allowance for expected credit loss	10.1	(43,670)	(43,670)
		2,177,033	2,546,377
10.1	Trade receivables are generally on 45 days term. Aging analysis of trade debts is as follows:		
		2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
Neither past due nor impaired	10.2	1,563,225	1,981,075
Past due but not impaired			
- within 270 days		613,808	565,302
		2,177,033	2,546,377
10.2	This includes Rs. 2.96 million (2023: Nil), Rs. 155.69 million (2023: Rs. 273.64 million) and Rs. 55.25 million (2023: Rs. 63.34 million) receivable against sales to related parties namely Uicol Limited, Fauji Cement Company Limited and National Foods Limited, respectively.		
10.3	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. 239.93 million (2023: Rs. 506.39 million).		

	Note	2024	2023
		----- (Rupees in '000) -----	
11. ADVANCES - unsecured, considered good			
Suppliers	11.1	6,024	4,036
Letters of credit		-	4,423
		6,024	8,459

11.1 These advances were made to non-governmental bodies and do not carry any interest.

	Note	2024	2023
		----- (Rupees in '000) -----	
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Security deposits - unsecured, considered good	12.1	13,740	29,926
Margin on letter of credit		-	75,153
Short-term prepayments		2,897	1,706
		16,637	106,785

12.1 These deposits were paid to non-governmental shipping agencies and do not carry any interest.

	Note	2024	2023
		----- (Rupees in '000) -----	
13. OTHER RECEIVABLES			
Sales tax refundable		-	94,547
Others - considered good		1,498	4,486
		1,498	99,033
14. SHORT-TERM INVESTMENT			
Designated at amortized cost - Term Deposit Receipts			
Islamic bank	14.1	-	83,963
Conventional bank	14.2	-	40,000
		-	123,963

14.1 During the year, Term Deposit Receipt (TDR) realized carried a markup at 17% (2023: 17%) per annum.

14.2 During the year, TDR realized carried a markup at 14.5% (2023: 14.5%) per annum. The Company obtained Guarantees for Sindh Infrastructure Development Cess against the TDR.

	Note	2024	2023
		----- (Rupees in '000) -----	
15. CASH AND BANK BALANCES			
Cash in hand		609	462
Bank balances			
Islamic banks			
Current accounts		11,526	12,798
Conventional banks			
Current accounts		75,079	18,403
Savings accounts	15.1	5,108	5,616
		80,187	24,019
		92,322	37,279

15.1 These carry profit ranging from 11% to 20.5% (2023: 12.25% to 19.50%) per annum.

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year, the Company sold its kraft paper lines I, II & V having a carrying amount of Rs. 478.37 million, which resulted in a net gain of Rs. 811.71 million.

17. SHARE CAPITAL

17.1 Authorized capital

2024	2023		2024	2023
Number of shares			----- (Rupees in '000) -----	
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000	1,000,000

17.2 Issued, subscribed and paid-up capital

2024	2023			
Number of shares				
		Ordinary shares of Rs. 10/- each		
26,207,242	26,207,242	- Issued as fully paid in cash	262,072	262,072
22,888,151	22,888,151	- Issued as bonus shares	228,882	228,882
49,095,393	49,095,393		490,954	490,954

17.3 Following are the detail of shares held by the associated companies:

	2024	2023
	---- (Number of shares) ----	
Faruque (Private) Limited	5,032,214	5,032,214
Cherat Cement Company Limited	3,606,524	3,606,524
Mirpurkhas Sugar Mills Limited	2,437,615	2,437,615
Greaves Pakistan (Private) Limited	2,465,963	2,465,963
	13,542,316	13,542,316

17.4 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

18. RESERVES

Capital reserve

Share premium

2024	2023
----- (Rupees in '000) -----	
998,628	998,628

Revenue reserve

General reserve

Unappropriated profit

Actuarial (loss) / gain on gratuity fund

Unrealized gain on equity investment

180,000	180,000
5,820,104	5,081,497
(6,099)	9,180
668,559	440,267
6,662,564	5,710,944
7,661,192	6,709,572

	Note	2024	2023
		----- (Rupees in '000) -----	
19. LONG-TERM FINANCING - secured			
Islamic banks			
Fixed Assets Refinance Loan - Polypropylene Line - III		-	45,000
Fixed Assets Refinance Loan - Kraftpaper Line - V	19.1	-	180,000
Fixed Assets Refinance Loan - Rotogravure Printing Line - II Project	19.2	985,765	985,765
Islamic Finance Facility for Renewable Energy	19.3	63,242	71,868
		1,049,007	1,282,633
Conventional banks			
Fixed Assets Refinance Loan - Flexible Packaging Line - I Tranche 1	19.1	-	720,000
Tranche 2	19.4	240,000	360,000
Fixed Assets Refinance Loan - Flexographic Printing Line - II	19.5	742,748	-
Temporary Economic Refinance Facility (TERF) - Polypropylene Line - IV	19.6	435,564	438,929
		1,418,312	1,518,929
		2,467,319	2,801,562
Current maturities		(360,684)	(636,850)
		2,106,635	2,164,712
19.1	In view of positive cash flows during the year, the Company has made an early full repayment of Fixed Assets Refinance Loans for Kraftpaper Line - V and Flexible Packaging Line - I Tranche 1.		
19.2	Represents Diminishing Musharakah obtained from an Islamic bank for the import of Rotogravure Printing Line-II. The loan carries profit at the rate of 3 months KIBOR + 0.2% per annum. The loan is repayable in 20 equal quarterly installments commencing after 27 months from the date of first disbursement i.e. from August 16, 2022. It is secured by way of first pari-passu hypothecation charge of Rs. 1,333 million over plant and machinery of the Company.		
19.3	Represents a long-term financing obtained from an Islamic bank under State Bank of Pakistan's Islamic Financing Facility for Renewable Energy (IFRE) recognized 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 drawdown 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% (2023: 7.65%) per annum and differential profit has been recognized as government grant (as mentioned in note 21) which will be amortized to the other income over the period of facility.		
19.4	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 drawdown 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.		
19.5	Represents long-term financing obtained from a conventional bank for the import of Flexographic Printing Line - II. It carries mark-up at the rate of 6 months' KIBOR + 0.30% per annum. The financing is repayable in 12 equal semi-annual installments which is due to commence after 18 months from first drawdown i.e. from August 2025. The financing is secured against first exclusive hypothecation charge over imported plant and machinery to the extent of principle amount i.e. Rs. 1,000 million and first pari-passu hypothecation charge of Rs. 333.33 million on plant and machinery of the Company.		

- 19.6** Represents a long-term financing obtained from a conventional bank under Temporary Economic Refinance Facility (TERF) as announced by the Government of Pakistan recognized initially at fair value. The total facility amounts to Rs. 800 million 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% (2023: 11.02%) per annum and differential markup has been recognized as government grant (as mentioned in note 21) which will be amortized to the other income over the period of facility.

	Note	2024	2023
----- (Rupees in '000) -----			
20. DEFERRED TAXATION			
Temporary taxable differences			
Accelerated tax depreciation		1,137,812	1,065,876
Temporary deductible differences			
Defined benefit plan	20.1	(16,845)	(8,249)
Unused tax credits		(98,286)	(2,571)
Provision of ECL		(9,511)	(7,454)
		1,013,170	1,047,602

- 20.1** This includes deferred tax amounting to Rs. 8.60 million (2023: Rs. 1.47 million) on temporary deductible differences arising from the actuarial remeasurement of defined benefit obligation, recognized to other comprehensive income.

	Note	2024	2023
----- (Rupees in '000) -----			
21. GOVERNMENT GRANT			
Balance as at the beginning of the year		243,015	278,165
Amortized during the year	31	(29,046)	(35,150)
Balance as at the end of the year	21.1	213,969	243,015
Current maturity		(28,966)	(29,046)
		185,003	213,969

- 21.1** As aforementioned in note 19.3 and 19.6, the government grant has been recorded as per the provisions of IAS-20 'Accounting for Government Grants and Disclosure of Government Assistance' due to the difference between coupon and effective interest rates of the aforementioned financial liabilities.

	Note	2024	2023
----- (Rupees in '000) -----			
22. TRADE AND OTHER PAYABLES			
Creditors		820,895	715,902
Contract liabilities	22.1	16,664	32,166
Gratuity fund	22.2	45,528	21,152
Bills payable		33,906	482,258
Accrued liabilities		331,881	304,131
Sindh Infrastructure Development Cess	22.3	448,103	393,388
Workers' Profit Participation Fund	22.4	1,731	44,732
Workers' Welfare Fund	22.5	5,206	23,720
Retention money		6,823	9,372
		1,710,737	2,026,821

- 22.1** These contract liabilities are unsecured and received under normal course of business. Revenue recognized during the year from amounts included in contract liabilities at the beginning of the year amounts to Rs. 32.17 million (2023: Rs. 7.21 million).

22.2 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, 2024.

	2024	2023
	----- (Rupees in '000) -----	
Amounts recognized in the statement of financial position:		
Present value of defined benefit obligations	220,437	166,323
Fair value of plan assets	(174,909)	(145,171)
Liability recognized in the statement of financial position	<u>45,528</u>	<u>21,152</u>
Amounts recognized in the statement of profit or loss:		
Current service cost	23,974	19,511
Interest cost	24,430	16,117
Expected return on plan assets	(23,603)	(14,920)
	<u>24,801</u>	<u>20,708</u>
Amounts recognized in other comprehensive income:		
Actuarial loss on defined benefit obligations	(29,849)	(7,129)
Actuarial gain on plan assets	5,974	7,769
	<u>(23,875)</u>	<u>640</u>
Movement in the liability in the statement of financial position:		
As at the beginning of the year	21,152	20,834
Net charge for the year	24,801	20,708
Re-measurement chargeable in other comprehensive income	23,875	(640)
Contributions	(24,300)	(19,750)
Balance as at the end of the year	<u>45,528</u>	<u>21,152</u>
Movement in the present value of defined benefit obligation:		
As at the beginning of the year	166,323	123,566
Current service cost	23,974	19,511
Interest cost	24,430	16,117
Benefits paid during the year	(24,139)	-
Actuarial gain	29,849	7,129
Balance as at the end of the year	<u>220,437</u>	<u>166,323</u>
Movement in the fair value of plan assets:		
As at the beginning of the year	145,171	102,732
Expected return	23,603	14,920
Contributions	24,300	19,750
Benefits paid during the year	(24,139)	-
Actuarial gain	5,974	7,769
Balance as at the end of the year	<u>174,909</u>	<u>145,171</u>

Note **2024** 2023
----- (Percentage) -----

Principal actuarial assumptions used are as follows:

Expected rate of increase in salary level – long term		14.75	14.25
Valuation discount rate	22.2.1	14.75	16.25
Rate of return on plan assets		14.75	16.25
		2024	2023
Mortality rates		SLIC 2001-2005	SLIC 2001-2005

22.2.1 The discount rate of 14.75% is representative of yields on long-term Government Bonds.

22.2.2 Expected gratuity expense to the plan for the year ending June 30, 2025 is Rs. 32.39 million.

22.2.3 The weighted average duration of defined benefit obligation is 3.86 years (2023: 5.13 years).

Comparison for past years:

As at June 30,	2024	2023	2022	2021	2020
	----- (Rupees in '000) -----				
Present value of defined benefit obligations	220,437	166,323	123,566	105,978	95,427
Fair value of plan assets	(174,909)	(145,171)	(102,732)	(108,429)	(77,098)
Deficit / (surplus)	45,528	21,152	20,834	(2,451)	18,329
Experience adjustment on plan liabilities	(29,849)	(7,129)	2,865	5,548	(259)
Experience adjustment on plan assets	5,974	7,769	(23,408)	15,044	20,331
	(23,875)	640	(20,543)	20,592	20,072

2024 2023
--- (Rupees in '000) ---

Composition of plan assets are as follows:

Government Securities	75,760	66,118
Mutual Funds / Shares	85,758	77,663
Bank balances	13,391	1,390
	174,909	145,171

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation. The return on plan assets was assumed to equal the discount rate. Actual gain / (loss) on plan assets during the year amounts to Rs. 29.58 million (2023: Rs. 22.69 million).

Sensitivity analysis

2024			
Discount rate		Salary increase	
+100 bps	-100 bps	+100bps	-100 bps
----- (Rupees in '000) -----			

Present value of defined benefit obligations	212,351	229,381	230,251	211,402
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22.3 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 (SHC) 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, SHC decided the case in favor of Excise and Taxation Department. The Company challenged the decision of the SHC, 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, 2024 for infrastructure fee is Rs. 458 million. The management has accrued the amount in these financial statements.

	Note	2024	2023
		----- (Rupees in '000) -----	
22.4 Workers' Profits Participation Fund			
Balance as at the beginning of the year		44,732	46,302
Interest thereon	32	305	666
		45,037	46,968
Payments during the year		(45,037)	(46,968)
		-	-
Charge for the year	30	1,732	44,732
Balance as at the end of the year		1,732	44,732
22.5 Workers' Welfare Fund			
Balance as at the beginning of the year		23,720	21,537
Charge for the year	30	5,476	22,024
		29,196	43,561
Less: Paid during the year		23,990	19,841
Balance as at the end of the year		5,206	23,720
23. SHORT-TERM BORROWINGS - secured			
Conventional banks			
Short-term running finance	23.1	118,195	2,022,664
Islamic banks			
Running Musharakah	23.2	3,564	762,967
		121,759	2,785,631

23.1 Represents facilities obtained from various conventional banks amounting to Rs. 5,750 million (2023: Rs. 5,750 million) out of which Rs. 5,632 million (2023: Rs. 3,727 million) remains unutilized at the year end. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 7,671 million (2023: Rs. 7,671 million). These facilities carry mark up of 1 and 3 months' KIBOR plus spread ranging from 0.40% to 0.75% (2023: 1 and 3 months' KIBOR plus spread ranging from 0.40% to 0.75%) per annum.

23.2 Represents facilities obtained from various Islamic banks amounting to Rs. 3,600 million (2023: Rs. 3,350 million) out of which Rs. 3,596 million remains unutilized (2023: Rs. 2,587 million) at the year end. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 4,469 million (2023: Rs. 4,469 million) and ranking hypothecation charge over stocks and book debts of Rs. 250 million (2023: Nil). These facilities are secured against ranking charge for Rs. 333 million (2023: Nil). These facilities carry profit rate of 1 and 3 months KIBOR plus spread ranging from 0.15% to 0.75% (2023: 1 and 3 months' KIBOR plus spread ranging from 0.15% to 0.75%) per annum.

24. UNCLAIMED DIVIDEND

The Company is maintaining a separate bank account for unclaimed dividend as required under section 244 of the Act.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

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 applied for the incentive against its Polypropylene bags line and other expansions up till June 30, 2017. However, despite several follow ups, KPEZDMC has not released the incentive amount. Viewing the situation the company has filed a petition in Peshawar High Court (PHC) for the recovery of the incentive amount. The case is still pending in PHC. The management of the Company is hopeful that the incentive amount will be realized from KPEZDMC. However, as a matter of prudence, no income has yet been recorded in these financial statements.

	Note	2024	2023
		----- (Rupees in '000) -----	
25.2 Commitments			
Outstanding letters of guarantee – conventional bank		77,018	77,018
Outstanding letters of credit – conventional and Islamic banks		393,123	534,635
Capital commitments	25.2.1	41,567	62,113

25.2.1 These capital commitments have been extended to a related party.

	2024	2023
	----- (Rupees in '000) -----	
26. TURNOVER – net		
Local sales	16,096,705	19,376,157
Less: Sales tax	2,473,593	2,892,983
	13,623,112	16,483,174
Less: Discounts	3,278	5,150
Net local sales	13,619,834	16,478,024
Export sales	200,319	76,238
	13,820,153	16,554,262

	Note	2024	2023
		----- (Rupees in '000) -----	
27. COST OF SALES			
Raw material consumed			
Stock as at the beginning of the year		4,395,992	3,292,428
Purchases		7,531,636	12,019,482
		11,927,628	15,311,910
Stock as at the end of the year	9	(2,384,288)	(4,395,992)
		9,543,340	10,915,918
Duty drawback on export		-	(7,465)
		9,543,340	10,908,453
Manufacturing overheads			
Salaries, wages and benefits	27.1	981,800	795,676
Stores, spare parts and loose tools consumed		321,128	274,540
Fuel and power		495,092	496,218
Packing charges		279,065	261,058
Rent, rates and taxes		9,379	11,228
Repairs and maintenance		33,390	14,517
Depreciation	4.1.4	333,109	371,313
Amortization	5.1	692	554
Insurance		83,902	62,072
General office expenses		1,196	1,741
Vehicle running expenses		39,698	32,412
Travelling and conveyance		19,102	17,236
Communication expenses		7,956	6,219
Printing and stationery		5,050	7,768
Legal and professional charges		19,940	15,422
Freight and cartage		6,136	3,905
Subscription		15,754	9,947
Stores and spares parts – written off		619	222
Others		8,690	5,398
		2,661,698	2,387,446
		12,205,038	13,295,899
Work-in-process			
Balance as at the beginning of the year		209,442	214,838
Balance as at the end of the year	9	(238,498)	(209,442)
		(29,056)	5,396
Polypropylene scrap goods / reworkable material			
Balance as at the beginning of the year		26,087	18,448
Balance as at the end of the year	9	(28,304)	(26,087)
Scrap sales		(59,562)	(91,098)
		(61,779)	(98,737)
Cost of goods manufactured		12,114,203	13,202,558
Finished goods			
Balance as at the beginning of the year		506,849	581,480
Balance as at the end of the year	9	(262,270)	(506,849)
		244,579	74,631
		12,358,782	13,277,189

27.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 20.21 million and Rs. 20.24 million (2023: Rs. 17.17 million and Rs. 16.14 million) respectively.

	Note	2024	2023
		----- (Rupees in '000) -----	
28. DISTRIBUTION COSTS			
Salaries and benefits	28.1	99,402	89,837
Travelling and conveyance		6,998	5,931
Vehicle running expenses		14,689	11,069
Repair and maintenance		503	1,016
Communication expenses		2,030	2,904
Rent, rates and taxes		2,224	1,885
Insurance		6,159	4,120
Printing and stationery		1,455	2,266
Depreciation	4.1.4	14,548	13,408
Freight and cartage		91,168	108,098
Export expenses		3,667	943
Others		13,325	3,354
		256,168	244,831

28.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 3.33 million and Rs. 2.65 million (2023: Rs. 3.16 million and Rs. 2.65 million) respectively.

	Note	2024	2023
		----- (Rupees in '000) -----	
29. ADMINISTRATIVE EXPENSES			
Salaries and benefits	29.1	97,530	107,416
Directors' fee		6,700	4,080
Travelling and conveyance		6,937	2,656
Vehicle running expenses		9,113	7,864
Communication expenses		8,139	6,115
Printing and stationery		4,044	4,864
Rent, rates and taxes		3,105	3,963
Legal and professional charges		13,309	10,571
Insurance		14,828	10,942
Subscription		8,646	7,064
Advertisement		2,553	884
Depreciation	4.1.4	6,089	6,094
Amortization	5.1	497	247
Repairs and maintenance		1,201	5,950
General office expenses		2,277	1,627
Utilities		425	451
Others		26	14
		185,419	180,802

29.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 2.32 million and Rs. 1.91 million (2023: Rs. 2.03 million and Rs. 1.91 million) respectively.

	Note	2024	2023
		----- (Rupees in '000) -----	
30. OTHER EXPENSES			
Auditor's remuneration	30.1	3,643	4,679
Donations	30.2	1,656	5,033
Workers' Profit Participation Fund	22.4	1,732	44,732
Workers' Welfare Fund	22.5	5,476	22,024
Commission on disposal of assets classified as held for sale		91,228	-
Unrealized exchange loss		44	714
Realized exchange loss		29,247	-
		133,026	77,182

	2024	2023
	----- (Rupees in '000) -----	
30.1 Auditors' remuneration		
Audit fee	1,613	1,344
Half yearly review and CCG certification	855	713
Tax and other corporate services	1,084	2,336
Out of pocket expenses	91	286
	3,643	4,679

30.2 Recipients of donations do not include any donee in which any director or his spouse had any interest.

	Note	2024	2023
		----- (Rupees in '000) -----	
31. OTHER INCOME			
Income from financial assets			
Profit on savings accounts / short-term investment - conventional banks		6,473	6,335
Dividend income from an associated company – Cherat Cement Company Limited	31.1	23,975	23,975
Amortization of government grant	21	29,046	35,150
Profit on short-term investment - Islamic bank		3,567	2,830
Share of profit from investment in a joint venture – UniEnergy Limited	6.2	129	156
		63,190	68,446
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.1.5	6,243	11,928
Gain on disposal of assets classified as held for sale		902,941	-
Scrap sales		22,473	15,610
		994,847	95,984

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

	Note	2024	2023
		----- (Rupees in '000) -----	
32. FINANCE COSTS			
Islamic banks			
Mark-up on long-term financing		227,219	76,038
Mark-up on short-term borrowings		149,140	282,607
Bank charges and duties		2,174	2,346
		378,533	360,991
Conventional banks			
Mark-up on long-term financing		239,554	250,213
Mark-up on short-term borrowings		205,747	578,427
Mark-up on Refinance Scheme for Payment of Wages and Salaries		-	2,874
Guarantee commission		3,155	2,573
Bank charges and duties		10,436	6,160
		458,892	840,247
Interest on Workers' Profits Participation Fund	22.4	837,425	1,201,238
		305	666
		837,730	1,201,904

33. FINAL TAX

This represents final taxes paid under relevant sections of Income Tax Ordinance, 2001 (ITO), representing levies in terms of requirements of IFRIC 21 / IAS 37. Prior year figures have been reclassified accordingly.

34. INCOME TAX

34.1 Provision for tax in these financial statements is calculated on the basis of Alternative Corporate Tax (ACT) Regime under the ITO.

34.2 The Finance Act, 2022 had introduced super tax on high earning persons for the tax year 2022 and onwards. The Company challenged the applicability of the super tax imposed under section 4C of the ITO amounting to Rs. 39.85 million. An interim stay was granted by the Honorable Peshawar High Court (PHC) to file income tax return for the tax year 2022 by excluding the amount of the super tax. Subsequently, PHC ordered to deposit 50% of the super tax liability based on the judgement of the Honorable Supreme Court of Pakistan in a similar case of other companies. Accordingly, the Company deposited 50% of the said super tax liability.

34.3 During the year, the Company has challenged the levy of super tax under section 4C of the ITO as amended vide Finance Act, 2023, and an interim stay has been granted by the Honorable Peshawar High Court to file income tax return for the tax year 2023 by excluding super tax amounting to Rs. 120.22 million subject to deposit of post-dated cheque. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has maintained a provision for this amount in these annual financial statements.

34.4 During the year ended June 30, 2019, the Company has recorded tax credit under section 65B of ITO, 2001 at 10% on commissioning and installation of plant and machinery 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. The company challenged this amendment in Peshawar High Court (PHC) and claimed full tax credit in the income tax return for the tax year 2019. However, viewing the prudence, for accounting purposes tax credit was taken at 5%. The case was presented, argued, and the PHC rendered a verdict dated September 7, 2023 and allowed petitioners to claim tax credit at 10% provided they had executed a binding contract followed by establishment of LCs and purchased machinery before June 30, 2018. Subsequently, the tax department filed an appeal with the Honorable Supreme Court of Pakistan (SCP) and the Company also filed a counter appeal with SCP. Therefore, the accounting treatment has been maintained in these annual financial statements.

34.5 No numeric tax rate reconciliation for the year is given in the financial statements, as provision made during the current year primarily represents ACT due under section 113C of the ITO.

Note	2024	2023
------	------	------

35. EARNINGS PER SHARE - basic and diluted

Net profit for the year (Rupees in '000)		885,892	908,250
Weighted average number of ordinary shares in issue	35.1	49,095,393	49,095,393
Basic earnings per share - basic and diluted	35.2	Rs. 18.04	Rs. 18.50

35.1 Weighted average number of ordinary shares

Issued ordinary shares at the beginning of the year		49,095,393	42,506,835
Effect of bonus shares		-	6,588,558
Weighted average number of ordinary shares at the end of the year		49,095,393	49,095,393

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

36. 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
Bags manufacturing division	Kraft paper and polypropylene bags manufacturing
Flexible packaging division	Extrusion, Flexo Graphic and Rotogravure printing

36.1 Segment analysis and reconciliation for the year ended June 30, 2024.

	Bags manufacturing division		Flexible packaging division		Total	
	2024	2023	2024	2023	2024	2023
----- (Rupees in `000) -----						
Sales						
External sales	6,753,458	11,210,164	7,066,695	5,344,098	13,820,153	16,554,262
Inter-segment sales	-	-	-	-	-	-
Total Revenue	6,753,458	11,210,164	7,066,695	5,344,098	13,820,153	16,554,262
Depreciation and amortization	179,867	231,920	175,068	159,696	354,935	391,616
Other income	902,941	-	-	-	902,941	-
Other expenses	91,228	-	-	-	91,228	-
Finance cost	53,323	93,029	413,450	233,222	466,773	326,251
Profit before income tax, final taxes and unallocated expenses	560,292	2,335,163	804,432	190,026	1,364,724	2,525,189
Unallocated corporate expenses						
Finance cost	-	-	-	-	(370,957)	(875,653)
Other expenses	-	-	-	-	(41,798)	(77,182)
Other income	-	-	-	-	91,906	95,984
Income tax and final taxes	-	-	-	-	(157,983)	(760,088)
Profit after taxation	-	-	-	-	885,892	908,250
Segment assets	4,377,667	7,917,999	8,014,239	7,109,043	12,391,905	15,027,042
Unallocated assets	-	-	-	-	1,401,009	1,406,753
Total assets	4,377,667	7,917,999	8,014,239	7,109,043	13,792,914	16,433,795
Segment liabilities	641,963	916,008	2,131,444	2,284,035	2,773,407	3,200,043
Unallocated liabilities	-	-	-	-	2,867,361	6,033,226
Total liabilities	641,963	916,008	2,131,444	2,284,035	5,640,768	9,233,269
Segment capital expenditure	109,880	99,073	927,544	1,210,647	1,037,424	1,309,720

36.1.1 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.

36.2 Reconciliation of segment assets and liabilities to total assets and liabilities

	2024	2023
	----- (Rupees in '000) -----	
36.2.1 Segment assets		
Allocated segment assets	12,391,905	15,027,042
Long-term investments	874,122	645,701
Other receivables	1,498	99,033
Taxation – net	363,495	333,893
Other unallocated assets	161,894	328,126
	13,792,914	16,433,795
36.2.2 Segment liabilities		
Allocated liabilities	2,773,407	3,200,043
Deferred taxation	1,013,170	1,047,602
Trade and other payables	1,710,737	2,026,821
Accrued mark-up	11,597	162,883
Short-term borrowings – secured	121,759	2,785,631
Other unallocated liabilities	10,098	10,289
	5,640,768	9,233,269
36.3 Geographical segments		
Sales are made by the Company in the following countries:		
Pakistan	13,631,302	16,478,024
Congo	147,018	-
Dubai	17,693	-
Saudi Arabia	-	69,369
Other countries	24,140	6,869
	13,820,153	16,554,262

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

36.5 Information about major customers

Sales to one (2023: Two) customer of the Company from the bags manufacturing division represents approximately Rs. 2,088.88 million (2023: Rs. 4,566.23 million) and sales to one (2023: Nil) customer of the Company from the flexible packaging division represents approximately Rs. 1,772.39 million (2023: Rs. Nil) of the Company's total revenue. These customers represent 10% or more revenue individually in the total revenue of the Company.

37. 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:

37.1 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.

37.1.1 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 financing, short-term borrowings obtained with floating rates. Borrowings of the Company are substantially obtained in the functional currency. The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	(Increase) / decrease in basis points	Effect on profit before tax (Rupees in '000)
2024		
KIBOR	+ 100	(19,980)
KIBOR	- 100	19,980
2023		
KIBOR	+ 100	50,391
KIBOR	- 100	(50,391)

37.1.2 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).

	2024 ---- ('000) ----	2023
Bills payable - US Dollar	(122)	(1,685)

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

	2024 ----- (Rupees) -----	2023
Exchange rates - US Dollar	278.80	287.10

The management keeps on evaluating different options available for hedging purposes. The following table demonstrates the sensitivity to a reasonably possible change in the Euro and US dollar exchange rates, with all other variables held constant, of the Company's equity.

	Change in rate (%)	(Rupees in '000)
30 June 2024 - US Dollar	+ 10	(3,391)
	- 10	3,391
30 June 2023 - US Dollar	+ 10	(48,376)
	- 10	48,376

37.1.3 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. 869.11 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 86.91 million on the statement of comprehensive income. An increase of 10% in the share price of the listed security would impact the statement of comprehensive income with the similar amount.

		2024	2023
	Credit rating	----- (Rupees in '000) -----	
Long-term investment			
Cherat Cement Company Limited	A+	869,108	640,816

37.2 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	2024	2023
		----- (Rupees in '000) -----	
Long-term investments	6	869,108	640,816
Long-term security deposits	7	271	721
Trade debts	10	2,177,033	2,546,377
Advances	11	6,024	8,459
Trade deposits and short-term prepayments	12	13,740	105,079
Other receivables	13	1,498	4,486
Bank balances	15	91,713	36,817
		3,159,387	3,342,755

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

	2024		2023	
	Neither past due nor impaired	Within 270 days	Neither past due nor impaired	Within 270 days
	----- (Rupees in '000) -----			
Estimated total gross carrying amount	1,563,225	657,478	1,981,075	608,972
Expected credit loss	-	43,670	-	43,670

37.2.1 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:

	2024	2023
	----- (Rupees in '000) -----	
Trade debts		
Customers with no defaults in the past one year	2,220,703	2,590,047
Short-term Investment		
A1	-	83,963
A1+	-	40,000
	-	123,963
Bank balances		
A1+	90,420	33,829
A1	1,293	2,988
	91,713	36,817

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

37.3 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 payments.

	2024					2023				
	INTEREST BEARING			NON-INTEREST BEARING	TOTAL	INTEREST BEARING			NON-INTEREST BEARING	TOTAL
	Less than one year	One to ten years	Total			Less than one year	One to ten years	Total		
	----- (Rupees in '000) -----					----- (Rupees in '000) -----				
Long-term financing	389,650	2,291,638	2,681,288	-	2,681,288	665,896	2,378,681	3,044,577	-	3,044,577
Trade & other payables	-	-	-	1,255,697	1,255,697	-	-	-	1,564,981	1,564,981
Unpaid dividend	-	-	-	1,303	1,303	-	-	-	2,155	2,155
Unclaimed dividend	-	-	-	8,795	8,795	-	-	-	8,134	8,134
Accrued mark-up	-	-	-	103,716	103,716	-	-	-	318,349	318,349
Short-term borrowings	121,759	-	121,759	-	121,759	2,785,631	-	2,785,631	-	2,785,631
	511,409	2,291,638	2,803,047	1,369,511	4,172,558	3,451,527	2,378,681	5,830,208	1,893,619	7,723,827

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

37.4 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 ratio as at June 30, 2024 and 2023 are as follows:

	2024	2023
	----- (Rupees in '000) -----	
Long-term financing	2,681,288	3,044,577
Accrued mark-up	103,716	318,349
Short-term borrowings	121,759	2,785,631
Total debt	2,906,763	6,148,557
Cash and cash equivalents	(92,322)	(37,279)
Net debt	2,814,441	6,111,278
Share capital	490,954	490,954
Reserves	7,661,192	6,709,572
Total capital	8,152,146	7,200,526
Capital and net debt	10,966,587	13,311,804
Gearing ratio	25.66%	45.91%

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.

37.5 Fair value measurement

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

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

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

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

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

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

The table below categorized fair value measurement of financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2024			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Listed equity investment	869,108	-	-	869,108

	2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Listed equity investment	640,816	-	-	640,816

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.

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

37.6 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2024	2023
	----- (Rupees in '000) -----	
Long-term financing - Opening balance	2,801,562	2,457,625
Draw-downs	782,607	1,058,515
Repayments	(1,116,850)	(714,578)
Long-term financing - Closing balance	2,467,319	2,801,562

38. SHARIAH COMPLIANCE DISCLOSURES

In compliance of the fourth schedule to the Act, Shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	Note	2024	2023
		----- (Rupees in '000) -----	
Long-term financing obtained as per Islamic mode	19	1,049,007	1,282,633
Short-term borrowings as per Islamic mode	23	3,564	762,967
Shariah compliant bank balances	15	11,526	12,798
Dividend earned from shariah compliant investment	31	23,975	23,975
Finance costs on Islamic mode of financing	32	376,359	358,645
Profit earned from any conventional loan or advances	31	6,473	6,335
Finance costs on conventional mode of financing	32	445,301	831,514

The Company has relationship with Meezan Bank Limited, Bank Alfalah Limited, Faysal Bank Limited, MCB Islamic Bank Limited, Dubai Islamic Bank Pakistan Limited, Askari Bank Limited, Bank Islami Pakistan Limited, Bank Al Habib Limited and Bank of Khyber Limited being our Islamic banks which are fully disclosed in note 19 and note 23 to these financial statements.

	Note	2024	2023
----- (Rupees in '000) -----			
39. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	92,322	37,279
Short-term borrowings	23	(121,759)	(2,785,631)
		(29,437)	(2,748,352)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2024	2024	2023
	Chief Executive	Executives	
----- (Rupees in '000) -----			
Managerial remuneration	47,334	143,919	123,523
Bonus	23,667	69,584	50,449
Housing allowance	1,848	61,907	53,304
Retirement benefits	7,889	19,322	15,769
Utilities	-	13,620	11,715
Leave fare assistance	3,945	9,860	7,630
	84,683	318,212	262,390
Number	1	47	45

40.1 No remuneration was paid to any of the directors. However, the Chief Executive 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. Further, no remuneration was paid to the Chief Executive Officer in comparative year.

40.2 The aggregate amount charged in the financial statements for meeting fee to 8 Directors (including 7 non – executive Directors) amounted to Rs. 6.7 million (2023: 9 Directors - Rs. 4.08 million).

41. TRANSACTIONS WITH RELATED PARTIES

41.1 The related parties of the Company comprise of associated companies, directors, executives, retirement funds, companies with common directorship and key management personnel of the Company. Amounts due from / to related parties are disclosed in respective notes to these financial statements. The Company enters into transactions with related parties on agreed terms as approved by the Board of Directors. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	2024	2023
----- (Rupees in '000) -----			
Associates / related parties	Sale of goods	3,302,759	4,609,506
	Purchase of goods	3,663	1,873
	Purchase of fixed asset	27,385	14,618
	Services received	14,498	50,702
	IT support charges	19,747	15,994
	Dividends paid	61,557	45,857
	Dividends received	23,975	23,975
	Insurance premium	48,177	34,683
	Contribution to staff provident and gratuity funds	50,167	42,105

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

41.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S.No.	Name of related party	Basis of association	Aggregate % of shareholding
1	Faruque (Pvt.) Limited	Common Directorship	10.25
2	Atlas Insurance Limited	Common Directorship	9.20
3	Atlas Asset Management Limited	Common Directorship	-
4	Cherat Cement Company Limited	Common Directorship	7.35
5	Mirpurkhas Sugar Mills Limited	Common Directorship	4.97
6	Greaves Pakistan (Pvt.) Limited	Common Directorship	5.02
7	Greaves Airconditioning (Pvt.) Limited	Common Directorship	-
8	Zensoft (Pvt.) Limited	Common Directorship	-
9	Unicol Limited	Common Directorship	-
10	UniEnergy Limited	Common Directorship	-
11	Jubilee General Insurance Company Limited	Common Directorship	0.90
12	Cherat Packaging Limited – Employees' Provident fund	Retirement benefit fund	0.17
13	Cherat Packaging Limited – Employees' Gratuity Fund	Retirement benefit fund	-
14	National Foods Limited	Common Directorship	-
15	Pakistan Cables Limited	Common Directorship	-
16	Fauji Cement Company Limited	Common Directorship	-
17	Management Association of Pakistan	Common Directorship	-
18	Mr. Akbarali Pesnani	Director	0.27
19	Mrs. Sakina Pesnani W/O. Mr. Akbarali Pesnani	Spouse of director	0.03
20	Mr. Amer Faruque	Director	0.49
21	Mrs. Amina Faruque W/O. Mr. Amer Faruque	Spouse of director	0.78
22	Mr. Aslam Faruque	Director	0.89
23	Mr. Shehryar Faruque	Director	0.70
24	Mr. Arif Dino Faruque	Director	1.54
25	Mr. Abid Akber Vazir	Director	0.00
26	Mr. Ali H. Shirazi	Director	0.00
27	Mr. Sher Afzal Khan Mazari	Director	0.00
28	Ms. Maleeha Mimi Bangash	Director	0.00

41.3 None of the key management personnel had any arrangement with the Company other than the employment contract.

41.4 Investment out of provident fund has been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

42. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2024		2023	
	Total	Factory	Total	Factory
Total number of employees as at June 30,	303	272	327	296
Average number of employees during the year	315	284	316	284

----- (Number) -----

42.1 During the year, the Company made an expenditure of Rs. 15.27 million (2023: Rs. 11.86 million) in respect of staff recruitment, selection, hiring, rewarding, utilization, training and development of the human assets.

43. CAPACITY AND PRODUCTION

	2024		2023	
	Bags manufacturing division Bags'000	Flexible packaging division (Note 43.2) KGs '000	Bags manufacturing division Bags'000	Flexible packaging division KGs '000
Annual installed capacity as of June 30,	420,000	19,800	660,000	16,200
Actual production for the year	137,657	9,941	238,617	8,801

43.1 Capacity utilization is in line with the market demand during the year.

43.2 Includes 3,600 tons per annum capacity of Flexo line II commissioned in May 2024.

44. DATE OF AUTHORIZATION

These financial statements were authorized for issue on August 22, 2024 by the Board of Directors of the Company.

45. NON ADJUSTING EVENTS AFTER REPORTING DATE

45.1 Subsequent to year ended June 30, 2024, the Board of Directors in its meeting held on August 22, 2024 has proposed final cash dividend @ Rs. 3.50 per share amounting to Rs. 171.83 million (2023: Rs. 2.00 per share amounting to Rs. 98.19 million) 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. 49.10 million (2023: Re. 1.00 per share amounting to Rs. 46.76 million) approved by the Board of Directors for the year ended June 30, 2024.

45.2 Subsequent to year ended June 30, 2024, the Board of Directors of the Company authorized the management of the Company to sell its Paper sack line IV. This is being done in view of shift in demand from Paper sack to Polypropylene bags by the cement industry. The Company will be able to meet the future demand of paper sack bags with its Paper sack line III having a capacity of 55 million bags per year.

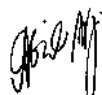
46. GENERAL

46.1 Certain corresponding figures have been rearranged and reclassified, wherever considered necessary. However, there are no material reclassifications to report in these financial statements.

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



Amer Faruque
Chief Executive Officer



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Pattern of Shareholding Report

As of June 30, 2024

No. of Shareholders	Shareholdings			Total Shares Held
311	1	to	100	9,443
322	101	to	500	88,546
182	501	to	1000	136,260
383	1001	to	5000	925,328
117	5001	to	10000	833,361
47	10001	to	15000	561,467
30	15001	to	20000	507,949
28	20001	to	25000	628,085
15	25001	to	30000	409,657
8	30001	to	35000	248,819
9	35001	to	40000	333,340
5	40001	to	45000	216,358
6	45001	to	50000	292,856
3	50001	to	55000	154,945
4	55001	to	60000	230,388
2	60001	to	65000	120,939
3	65001	to	70000	201,990
3	70001	to	75000	214,180
1	80001	to	85000	82,635
3	85001	to	90000	268,696
3	90001	to	95000	272,300
2	100001	to	105000	207,850
1	105001	to	110000	106,260
1	115001	to	120000	120,000
1	120001	to	125000	121,857
1	130001	to	135000	131,204
1	145001	to	150000	149,784
1	150001	to	155000	150,409
1	170001	to	175000	173,530
2	185001	to	190000	374,622
1	205001	to	210000	208,000
1	225001	to	230000	229,865
2	240001	to	245000	485,062
1	295001	to	300000	295,033
1	305001	to	310000	306,272
1	310001	to	315000	314,408
1	320001	to	325000	321,205
1	335001	to	340000	337,044
1	340001	to	345000	343,752
1	360001	to	365000	365,000
1	380001	to	385000	381,801
2	390001	to	395000	788,586
1	415001	to	420000	418,678
1	425001	to	430000	427,016
1	435001	to	440000	438,721
1	440001	to	445000	444,000
1	505001	to	510000	506,520
1	560001	to	565000	563,981
1	635001	to	640000	638,788
1	740001	to	745000	743,295
1	755001	to	760000	757,311
1	865001	to	870000	865,973
1	890001	to	895000	891,620
1	975001	to	980000	978,285
1	1125001	to	1130000	1,127,396
1	1130001	to	1135000	1,134,017

Pattern of Shareholding Report

As of June 30, 2024

No. of Shareholders	Shareholdings			Total Shares Held
1	1910001	to	1915000	1,910,874
1	2435001	to	2440000	2,437,615
1	2465001	to	2470000	2,465,963
1	2705001	to	2710000	2,706,501
1	3605001	to	3610000	3,606,524
1	3830001	to	3835000	3,832,489
1	4515001	to	4520000	4,518,526
1	5030001	to	5035000	5,032,214
1532				49,095,393

Pattern of Shareholding Report

As of June 30, 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MR. AKBARALI PESNANI	1	131,204	0.27
MRS. SAKINA PESNANI W/O. MR. AKBARALI PESNANI	1	14,260	0.03
MR. AMER FARUQUE	1	240,881	0.49
MRS. AMINA FARUQUE W/O. MR. AMER FARUQUE	1	381,801	0.78
MR. ASLAM FARUQUE	1	438,721	0.89
MR. SHEHRYAR FARUQUE	1	343,752	0.70
MR. ARIF DINO FARUQUE	1	757,311	1.54
MR. ABID AKBER VAZIR	1	127	0.00
MR. ALI H. SHIRAZI	1	1,752	0.00
MR. SHER AFZAL KHAN MAZARI	1	10	0.00
MS. MALEEHA MIMI BANGASH	1	1	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	5,032,214	10.25
CHERAT CEMENT COMPANY LIMITED	1	3,606,524	7.35
MIRPURKHAS SUGAR MILLS LIMITED	1	2,437,615	4.97
GREAVES PAKISTAN (PRIVATE) LIMITED	1	2,465,963	5.02
ATLAS INSURANCE LIMITED	1	4,518,526	9.20
JUBILEE GENERAL INSURANCE COMAPNY LIMITED	1	444,000	0.90
NIT & ICP	-	-	-
Banks, Development Financial Institutions, Non Banking Financial Institutions	2	1,357,261	2.76
Insurance Companies	3	5,039,155	10.26
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	1,454	18,547,673	37.78
b. Foreign	22	652,159	1.33
Foreign Companies	-	-	-
Others	34	2,684,483	5.47
Total	1,532	49,095,393	100.00

Shareholders holding 10% or more	Shares Held	Percentage
FARUQUE (PRIVATE) LIMITED	5,032,214	10.25

1. باقاعدہ طور پر پُر شدہ بیلٹ پیپر چیئر مین کو تھرڈ فلور، ماڈرن موٹرز ہاؤس، بیومونٹ روڈ، کراچی پر ارسال کیا جائے یا agmcpl@gfg.com.pk پر ای میل کیا جائے
2. شناختی کارڈ / پاسپورٹ کی کاپی (غیر ملکی ہونے کی صورت میں) پوسٹل بیلٹ فارم کے ساتھ منسلک کی جائے
3. بیلٹ پیپر پیر 14 اکتوبر 2024 تک کاروباری اوقات میں چیئر مین تک پہنچنا چاہیے۔ اس تاریخ کے بعد موصول ہونے والے کسی بھی پوسٹل بیلٹ پر ووٹنگ کے لئے غور نہیں کیا جائے گا۔
4. بیلٹ پیپر پر دستخط شناختی کارڈ / پاسپورٹ (غیر ملکی ہونے کی صورت میں) پر موجود دستخط کے مطابق ہونے چاہئیں
5. ایسے پول پیپرز جو نامکمل، غیر دستخط شدہ، غلط، مسخ شدہ، پھٹے ہوئے، یا جن میں اوور رائٹنگ ہوا نہیں مسترد کر دیا جائے گا۔
6. کارپوریٹ ہاڈی، کارپوریشن یا وفاقی حکومت کے نمائندے کی صورت میں بیلٹ پیپر فارم کے ساتھ کسی مجاز شخص کے شناختی کارڈ کی کاپی، بورڈ ریزولوشن کی تصدیق شدہ کاپی / پاور آف اٹارنی / اتھارٹی لیٹر وغیرہ منسلک ہونا ضروری ہے، جس کا اطلاق کمپنیز ایکٹ 2017ء کے سیکشن 138 یا 139 کے مطابق ہوتا ہے
7. بیلٹ پیپر فارم بھی کمپنی کی ویب سائٹ www.gfg.com.pk پر دستیاب ہیں - ممبران ویب سائٹ سے بیلٹ پیپر ڈاؤن لوڈ کر سکتے ہیں۔

تاریخ: _____

شیئر ہولڈر / پراسی ہولڈر

دستخط / مجاز دستخط کنندہ

(کارپوریٹ لائنٹی کی صورت میں برائے مہربانی کمپنی کی مہر ثبت کریں)

چیراٹ پیکنگ لمیٹڈ

غلام فاروق ٹروپ کمپنی



پوسٹل بیلٹ پیپر

منگل 15 اکتوبر 2024ء کو صبح 11:00 بجے پیشانی آرکیڈ، جمروڈ روڈ، پشاور میں منعقد ہونے والے سالانہ اجلاس عام میں خصوصی بزنس کے لیے ڈاک کے ذریعے ووٹ ڈالنے کے لیے:

یو اے این : +92 21 111 000 009

ویب سائٹ : www.gfg.com.pk

فولیو سی ڈی ایس اکاونٹ نمبر	
شیئرز ہولڈر/پراکسی ہولڈر کا نام	
رجسٹرڈ ایڈریس	
موجودہ شیئرز کی تعداد	
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر/ پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (کاپی منسلک کریں)	
اضافی معلومات اور انکوارٹرز (کارپوریٹ باڈی، کارپوریشن، اور وفاقی حکومت کا نمائندہ ہونے کی صورت میں)	
مجاز دستخط کنندہ کا نام	
مجاز دستخط کنندہ کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر/ پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (کاپی منسلک کریں)	
ایجنڈا کے آئٹم نمبر 6 کے لیے قرارداد	
(a) قرار دیا جاتا ہے کہ 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹیز اور منسلک کمپنیز کے ساتھ معمول کے مطابق کیے گئے لین دین، جسے فائنل اسٹیٹمنٹس کے نوٹ 41 میں ظاہر کیا گیا ہے، کی توثیق کی جاتی ہے اور منظوری دی جاتی ہے	
(b) مزید قرار دیا جاتا ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2025 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیز اور منسلک کمپنیز کے ساتھ معمول کے مطابق کیے جانے والے تمام لین دین کی منظوری دینے کے مجاز ہیں۔	

ہدایات برائے پول

- برائے مہربانی اپنے ووٹ کا اظہار متعلقہ باکس کے آگے تک (✓) کے نشان سے کریں
 - اگر دونوں باکس کے آگے تک (✓) نشان مارک کیا جاتا ہے تو آپ کا ووٹ منسوخ تصور کیا جائے گا
- میں/ہم مندرجہ بالا قرارداد کے حوالے سے اپنا ووٹ بیلٹ کے ذریعے استعمال کرتے ہوئے قرارداد پر اپنی رضامندی یا اختلاف کا اظہار کرتے ہوئے نیچے مناسب باکس میں ٹک (✓) کا نشان لگاتے ہیں۔

قرارداد	میں/ہم قرارداد سے متفق ہیں (حق میں ووٹ)	میں/ہم قرارداد سے اتفاق نہیں کرتے (مخالفت میں ووٹ)
لجینڈا کے آئٹم نمبر 6 کے لیے قرارداد		

رقم (000 روپے میں)	ٹرانزیکشن کی نوعیت	متعلقہ پارٹی کا نام
271	خدمات حاصل کی گئیں	اتلس ایسٹ مینجمنٹ کمپنی لمیٹڈ
8,993	انشورنس پریمیم	اتلس انشورنس لمیٹڈ
13,556	ڈیویڈنڈ کی ادائیگی	
2,464,884	پیکنگ میٹریل کی فروخت	چیراٹ سینٹ کمپنی لمیٹڈ
10,820	ڈیویڈنڈ کی ادائیگی	
23,975	ڈیویڈنڈ کی وصولی	
56	اشیا کی خریداری	
6,929	ڈیویڈنڈ کی ادائیگی	ڈائریکٹرز، سی ای او اور ان کی شریک حیات
50,167	فنڈ میں رقم کا حصہ	ملازمین کا پرائویڈنڈ فنڈ اور گریجویٹ فنڈ
14,151	خدمات کا حصول	فاروق (پرائیویٹ) لمیٹڈ
15,097	ڈیویڈنڈ کی ادائیگی	
571,962	پیکنگ میٹریل کی فروخت	فوجی سینٹ کمپنی لمیٹڈ
21	خدمات حاصل کی گئیں	گریوز ایئر کنڈیشننگ (پرائیویٹ) لمیٹڈ
351	اشیا کی خریداری	
21,561	منجملہ اثاثوں کی خریداری	
7,398	ڈیویڈنڈ کی ادائیگی	گریوز پاکستان (پرائیویٹ) لمیٹڈ
1,688	اشیا کی خریداری	
5,824	منجملہ اثاثہ جات کی خریدار	
39,184	انشورنس پریمیم	جوبلی جہل انشورنس کمپنی لمیٹڈ
444	ڈیویڈنڈ کی ادائیگی	
55	خدمات حاصل کی گئیں	مینجمنٹ ایسوسی ایشن آف پاکستان
12,910	پیکنگ میٹریل کی فروخت	میرپور خاص شوگر ملز لمیٹڈ
7,313	ڈیویڈنڈ کی ادائیگی	
221,187	پیکنگ میٹریل کی فروخت	نیپٹل فوڈز لمیٹڈ
1,568	اشیا کی خریداری	پاکستان کیبلز لمیٹڈ
31,816	پیکنگ میٹریل کی فروخت	یوٹی کول لمیٹڈ
19,747	سوفٹ ویئر کنسلٹنسی چارجز	زین سوفٹ (پرائیویٹ) لمیٹڈ
402,895	معاوضہ	مینجمنٹ کے اہم افراد

ڈائریکٹرز صرف اپنی شیئر ہولڈنگ اور / یا ایسی متعلقہ پارٹیز میں مشترکہ ڈائریکٹرشپ کی حد تک اس میں دلچسپی رکھتے ہیں۔ مشترکہ ڈائریکٹرز کے ناموں کا تذکرہ فائنانشل اسٹیٹمنٹس کے مذکورہ نوٹ نمبر 41 میں کیا گیا ہے۔

کمپنی کے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر وہ ای میل کے ذریعے سالانہ آڈٹ شدہ فائنانشل اسٹیٹمنٹس اور جزل میٹنگ کا نوٹس حاصل کرنا چاہتے ہیں تو ریکارڈ کو اپ ڈیٹ کرنے کے لئے ہمارے شیئر رجسٹرار کو اپنی رضامندی ظاہر کریں۔ تاہم، اگر شیئر ہولڈرز، اس کے علاوہ، آڈٹ شدہ فائنانشل اسٹیٹمنٹس کی ہارڈ کاپی کی درخواست کرتے ہیں تو، ایسی تحریری درخواست کی وصولی کے سات (7) دنوں کے اندر اسے مفت فراہم کردی جائیں گی۔

17. تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ ایف بی آر کی ویب سائٹ پر دستیاب ایکٹو ٹیکس دہندگان کی فہرست (اے ٹی ایل) پر اپنا اسٹیٹس چیک کریں اور اگر ضروری ہو تو اے ٹی ایل میں اپنا نام شامل کرنے کے لئے ضروری اقدامات کریں۔ اگر کسی شخص کا نام اے ٹی ایل میں نہیں آتا ہے تو قابل اطلاق ٹیکس کی شرح میں سو فیصد اضافہ ہو جائے گا۔

18. جوائنٹ اکاؤنٹ کی صورت میں، ہر اکاؤنٹ ہولڈر کی شیئر ہولڈنگ کے تناسب بمعہ ان کے انفرادی اے ٹی ایل اسٹیٹس کے حوالے سے آگاہ کریں

19. سی ڈی سی اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز کو اپنے متعلقہ شرکت کنندہ کے ساتھ اپنے نیشنل ٹیکس نمبر (این ٹی این) کو اپ ڈیٹ کرنا ضروری ہے، جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کو اپنے این ٹی این سرٹیفکیٹ کی ایک کاپی ہمارے سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو ارسال کرنا ہوگی۔ شیئر ہولڈرز کو این ٹی این یا این ٹی این سرٹیفکیٹ ارسال کرتے وقت، جیسا بھی معاملہ ہو، کمپنی کا نام اور ان کے متعلقہ فوئیو نمبر کا حوالہ دینا ہوگا۔

20. ڈیوڈنڈ آمدنی پر ود ہولڈنگ ٹیکس سے استثنیٰ کی اجازت صرف اسی صورت میں دی جائے گی جب موثر ٹیکس استثنیٰ سرٹیفکیٹ کی کاپی سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو بک بند ہونے کے پہلے دن تک دستیاب ہو۔

21. زکوٰۃ کی لازمی کٹوتی سے استثنیٰ کلیم کرنے کے لیے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ زکوٰۃ ڈیکلریشن (فارم سی زیڈ-50) یا اس کی تصدیق شدہ فوٹو کاپی سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو جلد از جلد جمع کرائیں تاکہ مستقبل کے تمام ڈیوڈنڈز پر زکوٰۃ کی کٹوتی سے بچا جاسکے۔

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

متعلقہ پارٹی ٹرانزیکشنز

اسٹیٹمنٹ میں منگل 15 اکتوبر 2024 کو ہونے والی کمپنی کے سالانہ اجلاس عام میں ”خصوصی کاروبار“ سے متعلق مادی حقائق بیان کیے گئے ہیں۔ کمپنی کے ممبران سے درج ذیل کے حوالے سے منظوری حاصل کی جائے گی:

30 جون 2024 کو ختم ہونے والے مالی سال کے دوران کمپنی نے اپنی منسلک کمپنیز اور متعلقہ پارٹیز کے ساتھ اپنی پالیسیوں اور قابل اطلاق قوانین و ضوابط کے مطابق ٹرانزیکشنز انجام دیں۔ متعلقہ پارٹی ٹرانزیکشنز کو کمپنیز ایکٹ 2017 کی دفعہ 207 اور 208 کے تحت شیئر ہولڈرز کی منظوری درکار ہے۔ اس طرح کی ٹرانزیکشنز کو سالانہ جزل میٹنگ میں منظوری کے لیے تجویز کردہ خصوصی قرارداد کے ذریعے شیئر ہولڈرز کی منظوری کے لیے ان کے سامنے رکھا جا رہا ہے۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ 30 جون 2024 کو ختم ہونے والے مالی سال کی فائنانشل اسٹیٹمنٹس کے نوٹ نمبر 41 میں ظاہر کردہ ٹرانزیکشنز کی توثیق کریں اور بورڈ آف ڈائریکٹرز کو 30 جون 2025 کو ختم ہونے والے سال کے لئے متعلقہ پارٹیز اور منسلک کمپنیز کے ساتھ ٹرانزیکشنز کرنے کا اختیار دیں۔

30 جون 2024 کو ختم ہونے والے مالی سال کی فائنانشل اسٹیٹمنٹس کے نوٹ نمبر 41 میں ظاہر کردہ ٹرانزیکشنز کی پارٹیز کے لحاظ سے تفصیلات درج ذیل ہیں:

11. شیئر ہولڈرز کو یاد دہانی کرائی جاتی ہے کہ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق لسٹڈ کمپنی کے معاملے میں کمپنی کی جانب سے اعلان کردہ کسی بھی کیش ڈیویڈنڈ کو براہ راست شیئر ہولڈرز کے بینک اکاؤنٹس میں الیکٹرانک طور پر ادا کیا جانا چاہیے۔ اپنے بینک اکاؤنٹ میں براہ راست ڈیویڈنڈ وصول کرنے کے لئے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ یعنی www.qfg.com.pk پر دستیاب ای-ڈیویڈنڈ مینڈیٹ فارم پر کریں اور فزیکل شیئرز کی صورت میں اسے شناختی کارڈ کی کاپی کے ہمراہ باقاعدہ دستخط شدہ، کمپنی کے رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو ارسال کریں۔ اگر شیئرز سی ڈی سی کے پاس ہیں، تو ای ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر / شرکت کنندہ / سی ڈی سی انویسٹر اکاؤنٹ سروسز میں جمع کرانا ہوگا۔ آئی بی اے این جمع نہ کرانے کی صورت میں کمپنی (ڈیویڈنڈ کی تقسیم) ریگولیشنز، 2017 کے تحت ڈیویڈنڈ کی ادائیگی روک دے گی۔ مزید برآں مجموعی منافع، ٹیکس / زکوٰۃ سٹوٹی اور منافع کی خالص رقم کے بارے میں معلومات سینٹرل کیش ڈیویڈنڈ رجسٹرار (سی ڈی سی آر) کے ذریعے فراہم کی جائیں گی لہذا شیئر ہولڈرز کو اپنے آپ کو سی ڈی سی، ای سروسز پورٹل <http://eservices.cdcaccess.com.pk> پر رجسٹر کرانا چاہیے۔

12. شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنیز (پوسٹل بیٹ) ریگولیشنز، 2018 کے مطابق سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ خصوصی کاروبار کے طور پر طے کردہ تمام کاروباروں پر اراکین کو الیکٹرانک ووٹنگ کی سہولت اور ڈاک کے ذریعے ووٹنگ کا حق فراہم کریں۔

اس کے مطابق کمپنی کے شیئر ہولڈرز کو، متذکرہ بالا ریگولیشنز میں بیان کردہ شرائط اور ضرورت کے مطابق، منگل 15 اکتوبر 2024 کو صبح 11 بجے منعقد ہونے والی ای جی ایم میں الیکٹرانک ووٹنگ کی سہولت یا ڈاک کے ذریعے ووٹنگ کا حق استعمال کرنے کی اجازت ہوگی۔

شیئر ہولڈرز کی سہولت کے لیے بیلٹ پیپر اس نوٹس کے ساتھ منسلک کیا گیا ہے، جبکہ یہ ڈاؤن لوڈ کرنے کے لیے کمپنی کی ویب سائٹ www.qfg.com.pk پر بھی دستیاب ہے۔

ای۔ووٹنگ کا طریقہ کار

13. ای ووٹنگ کی سہولت کی تفصیلات ان شیئر ہولڈرز سے بذریعہ ای میل شیئر کی جائیں گی جن کے موثر کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز، سیل نمبرز، اور ای میل ایڈریسز کمپنی کے شیئر رجسٹرار کے پاس 7 اکتوبر 2024 کو کاروباری وقت کے اختتام تک موجود ہوں۔ ویب ایڈریس، لاگ ان کی تفصیلات، ممبران کو ای میل کے ذریعے فراہم کر دی جائے گی۔ ممبران کو سیکورٹی کوڈز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (ای۔ووٹنگ سروس پرووائیڈر ہونے کے ناطے) کی ویب پورٹل سے ایس ایم ایس کے ذریعے فراہم کیے جائیں گے۔ ایسے شیئر ہولڈرز جو ای ووٹنگ کے ذریعے ووٹ ڈالنے کا ارادہ رکھتے ہیں، ان کی شناخت الیکٹرانک دستخط یا لاگ ان کی تصدیق کے ذریعے کی جائے گی۔

ای ووٹنگ لائنیز 11 اکتوبر 2024 سے صبح 9 بجے شروع ہوں گی اور 14 اکتوبر 2024 کو شام 5 بجے بند ہوں گی۔ شیئر ہولڈرز اس مدت کے دوران کسی بھی وقت اپنا ووٹ ڈال سکتے ہیں۔ ایک بار جب کسی قرارداد پر ووٹ ڈال دیا گیا تو، اسے بعد میں تبدیل کرنے کی اجازت نہیں دی جائے گی۔

پوسٹل بیٹ کے ذریعے ووٹنگ کا طریقہ کار

14. شیئر ہولڈرز اس بات کو یقینی بنائیں گے کہ کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی کاپی کے ساتھ باقاعدہ طور پر پُر شدہ اور دستخط شدہ بیلٹ پیپر اے جی ایم سے ایک دن قبل یعنی 14 اکتوبر 2024 کو کام کے اوقات کے دوران کمپنی کے ایڈریس، تھرڈ فلور ماڈرن موٹرز ہاؤس، بیومونٹ روڈ، کراچی پر ڈاک کے ذریعے یا aqmcp@qfg.com.pk پر ای میل کے ذریعے چیئر مین تک پہنچ جائے۔ بیلٹ پیپر پر کیے گئے دستخط شناختی کارڈ پر موجود دستخط کے مطابق ہونے چاہئیں۔

15. کمپنیز ایکٹ ایکٹ 2017 کے سیکشن 244 کمپلائنس میں ایک بار جب کمپنی مقررہ رسمی کارروائیاں مکمل کر لے تو کوئی بھی غیر کلیم شدہ ڈیویڈنڈ اور/یا شیئرز جو واجب الادا ہونے یا اس سے زائد کی تاریخ سے تین سال کی مدت تک آؤٹ اسٹینڈنگ رہے ہوں گے انہیں وفاقی حکومت (ڈیویڈنڈ ہونے کی صورت میں) یا ایس ای سی پی (فزیکل شیئرز ہونے کی صورت میں) میں جمع کرایا جائے گا۔ وہ شیئر ہولڈرز جو کسی بھی وجہ سے اپنے بقیہ غیر کلیم شدہ ڈیویڈنڈ / شیئرز حاصل نہیں کر سکے ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ اپنے غیر کلیم شدہ ڈیویڈنڈ یا شیئرز کے حصول / معلومات کے لیے کمپنی کے شیئر رجسٹرار سے رابطہ کریں۔

16. شیئر ہولڈرز کے پاس ای میل کے ذریعے سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس اور جبریل میٹنگ کا نوٹس حاصل کرنے کا اختیار ہے۔

نوٹس

1. کمپنی کے ممبران کا رجسٹر منگل، 8 اکتوبر، 2024 سے منگل، 15 اکتوبر، 2024 (بشمول دونوں دن) تک بند رہے گا اور اس دوران کوئی ٹرانسفر رجسٹر نہیں کیا جائے گا۔ کمپنی کے شیئر رجسٹرار کے دفتر سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر ایس ایل)، سی ڈی سی ہاؤس، 99-بی، بلاک ڈی، ایس ایم سی ایچ ایس، مین شارع فیصل، کراچی-74400 میں پیر 7 اکتوبر 2024 کو کاروبار کے اختتام تک آرڈر میں موصول ہونے والے شیئرز کو بروقت تصور کیا جائے گا۔
2. کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت، اظہار خیال اور ووٹ دینے کا اہل ہے وہ کسی دوسرے رکن کو اپنی جگہ شرکت، اظہار خیال اور ووٹ دینے کے لئے اپنے پراکسی کے طور پر مقرر کر سکتا ہے۔ پراکسیز کے موثر ہونے کے لئے تحریری ہونا ضروری ہے اور میٹنگ سے 48 گھنٹے پہلے لازمی طور پر کمپنی کے ہیڈ آفس میں وصول کیا جانا چاہئے۔
3. اے جی ایم کی کارروائی زوم اپیلی کیشن (ویڈیو لنک کانفرنسنگ کی سہولت) کے ذریعے ویڈیو کے ذریعے بھی انجام دی جائے گی۔ اجلاس میں شرکت کے خواہشمند شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ مطلوبہ معلومات کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کے دونوں اطراف کی موثر کاپی کے ساتھ cdcsr@cdcsrsl.com پر ای میل کریں جس کا عنوان ”رجسٹریشن فار چیراٹ پیکیجنگ لمیٹڈ اے جی ایم“ ہو۔ شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنی تمام تر تفصیلات درج ذیل طریقے سے بیان کریں

کمپنی کا شیئر ہولڈر/پراکسی کا مکمل نام	کمپنی	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	فولیو/سی ڈی سی اکاؤنٹ نمبر	ای میل ایڈریس	موبائل فون نمبر
	چیراٹ پیکیجنگ لمیٹڈ				

4. ویڈیو لنک کی تفصیلات اور لاگ ان کریڈنشلز ممبرز کو ان کے فراہم کردہ ای میل ایڈریسز پر ارسال کی جائیں گی تاکہ وہ مقررہ تاریخ اور وقت پر اجلاس میں شرکت کر سکیں۔
5. ممبران، شیئر ہولڈرز کی شناخت اور تصدیق کے لئے درکار تمام رسمی کارروائیوں کو مکمل کرنے کے بعد اپنی ڈیوائسز کے ذریعے لاگ ان کر سکیں گے اور اے جی ایم کی کارروائی میں حصہ لے سکیں گے۔ ویڈیو لنک اور لاگ ان کریڈنشلز صرف ان ممبرز کے ساتھ شیئر کی جائیں گی جن کی ای میلز، جن میں تمام مطلوبہ تفصیلات شامل ہیں، اے جی ایم کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو چکی ہوں۔
6. کمپنی کے ممبران جن کے شیئرز سینٹرل ڈپازٹری سسٹم (سی ڈی ایس) کے ساتھ ان کے اکاؤنٹ / ذیلی اکاؤنٹ میں رجسٹرڈ ہیں ان سے درخواست کی جاتی ہے کہ وہ تصدیق کے لئے سی ڈی ایس میں اپنے اکاؤنٹ نمبر اور شرکت کنندہ کے شناختی نمبر کے ساتھ اصل کمپیوٹرائزڈ قومی شناختی کارڈ ہمراہ لائیں۔
7. فزیکل شیئرز کے حامل ممبران سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کے حوالے سے کمپنی کے شیئر رجسٹرار کو مطلع کریں۔ جبکہ، سی ڈی سی اکاؤنٹس کے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتوں میں کسی بھی تبدیلی کے حوالے سے فوری طور پر اپنے متعلقہ سی ڈی سی شرکت دار / بروکر / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کریں۔
8. کمپنیز ایکٹ 2017 کے سیکشن 119 اور کمپنیز (جنرل پروویژن اینڈ فارمز) ریگولیشنز 2024 کے ریگولیشن 47 کے مطابق تمام فزیکل شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنی لازمی معلومات جیسے شناختی کارڈ نمبر، ایڈریس، ای میل ایڈریس، رابطہ موبائل / ٹیلی فون نمبر، پیشہ وغیرہ فوری طور پر سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو فراہم کریں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی قسم کی زحمت سے بچا جاسکے۔
9. فزیکل شیئرز کے حامل ممبران جنہوں نے ابھی تک اپنے موثر کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی فوٹو کاپی جمع نہیں کرائی ہے، ان سے درخواست کی جاتی ہے کہ وہ اسے کمپنی کے شیئر رجسٹرار کو ارسال کریں۔
10. کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ لسٹڈ کمپنی کو اپنے فزیکل شیئرز بک انٹری فارم ایس ای سی پی کی طرف سے بیان کردہ طریقے اور نوٹیفائڈ تاریخ سے، تبدیل کرنا ہوں گے۔ اسی طرح فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کو اس کے مطابق سی ڈی سی کی انویسٹر اکاؤنٹ سروسز کے ساتھ اپنا اکاؤنٹ کھولنے یا کسی بھی بروکر کے ساتھ ذیلی اکاؤنٹ کھولنے اور اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا ہوگا۔ اس سے شیئر ہولڈرز کو کئی طریقوں سے سہولت حاصل ہوگی، بشمول سیف کسٹڈی اور شیئرز کی فروخت، جس وقت وہ چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی ٹریڈنگ کی اجازت نہیں ہے۔

اطلاع برائے سالانہ عام اجلاس

مطلع کیا جاتا ہے کہ چیراٹ پیکیجنگ لمیٹڈ کا 35 واں سالانہ اجلاس عام منگل 15 اکتوبر 2024 کو صبح 11 بجے کمپنی کے رجسٹرڈ آفس پیمانہ آرکیڈ، جرود روڈ، پشاور اور ساتھ ہی ویڈیو لنک کانفرنسنگ کی سہولت کے ذریعے درج ذیل کاروباری امور کی انجام دہی کے لیے منعقد کیا جائے گا

عمومی بزنس

1. 24 اکتوبر 2023 کو منعقد ہونے والے سالانہ اجلاس عام کے منٹس کی تصدیق
2. 30 جون 2024 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ اکاؤنٹس کی وصولی اور ان پر ڈائریکٹرز اور آڈیٹرز رپورٹس کے ساتھ غور و نحو
3. 35 فیصد (3.50 روپے فی حصص) کی شرح سے فائنل کیش ڈیویڈنڈ کی ادائیگی پر غور اور اس کی منظوری۔ یہ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے شیئر ہولڈرز کو پہلے ہی ادا کی جانے والی 10 فیصد (1.00 روپے فی شیئر) کی شرح سے تقسیم کیے گئے عبوری کیش ڈیویڈنڈ کے علاوہ ہے
4. سال 2024-25 کے لیے گرانٹ تھورنٹن انجم رحمن، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹر تقرری اور ان کے معاوضہ کا تعین
5. چیئرمین کی اجازت سے کسی بھی دوسرے بزنس پر کارروائی

خصوصی کارروائی


6. درج ذیل قرارداد پر بطور خصوصی قرارداد غور و نحو اور اس کی منظوری
 - (a) قرار دیا جاتا ہے کہ 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹیز اور منسلک کمپنیز کے ساتھ معمول کے مطابق کیے گئے لین دین، جسے فائنل اسٹیٹمنٹس کے نوٹ 41 میں ظاہر کیا گیا ہے، کی توثیق کی جاتی ہے اور منظوری دی جاتی ہے
 - (b) مزید قرار دیا جاتا ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2025 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیز اور منسلک کمپنیز کے ساتھ معمول کے مطابق کیے جانے والے تمام لین دین کی منظوری دینے کے مجاز ہیں۔
- مذکورہ اسپیشل بزنس سے متعلق کمپنی ایکٹ 2017 کی دفعہ 134 کے تحت اسٹیٹمنٹ نوٹس کے ساتھ منسلک ہے۔



بحکم بورڈ آف ڈائریکٹرز
عاصم حمید آخوند
کمپنی سیکرٹری

کراچی: 22 اگست، 2024

کمپنی کی آڈٹ شدہ فائنل اسٹیٹمنٹس، کمپنی ایکٹ 2017 کے تحت درکار رپورٹ اور دستاویزات کے ساتھ کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہیں جنہیں مندرجہ ذیل لنک اور / یا کیو آر اینبلڈ کوڈ سے ڈاؤن لوڈ کیا جاسکتا ہے

کیو آر کوڈ	ویب لنک
	https://gfg.com.pk/cpl/financial-information/

آڈیٹر کا تقرر

ہم اپنے موجودہ آڈیٹرز میسرز ای وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس، کا شکریہ ادا کرتے ہیں جو سبکدوش ہو رہے ہیں اور انہوں نے دوبارہ تقرر کی پیشکش نہیں کی ہے۔ ان کی ریٹائرمنٹ کو مد نظر رکھتے ہوئے میسرز گرانٹ تھورنٹن انجم رحمن، چارٹرڈ اکاؤنٹنٹس نے خود کو تقرر کے لیے پیش کیا ہے۔

سٹائن

منجمنٹ اپنے تمام تر کسٹمرز، فائنانشل انسٹی ٹیوشنز، اسٹاف ممبرز، سپلائرز اور شیئر ہولڈرز کا تہہ دل سے شکریہ ادا کرتی ہے جو مسلسل تعاون اور بھرپور معاونت کے ساتھ کمپنی سے منسلک ہیں۔

منجانب بورڈ آف ڈائریکٹرز



اکبر علی پستانی
چیئرمین



عمر فاروق
چیف ایگزیکٹو

کراچی: 22 اگست 2024

ریکروٹمنٹ کی جامع حکمت عملی جیسے جب بورڈز اور متنوع انٹریو پینلز کے سلسلے کو اپناتے ہوئے کمپنی ہر سطح پر صنفی اور نسلی تنوع اور شمولیت کو بڑھانے کے لیے فعال طور پر سرگرم عمل ہے

قرضوں کی ادائیگی

کمپنی نے ہمیشہ اپنی مالی ذمہ داریوں کو پورا کیا ہے اور اپنے تمام واجبات وقت پر ادا کیے ہیں۔ اس سال کے دوران کمپنی نے بینکوں کو 1,116.85 ملین روپے کے قرضوں کی واپسی کی مد میں ادا کیے۔

کیپٹل اسٹرکچر

کمپنی کی موجودہ قرض اور لیکویٹی کی فیصد شرح تقریباً 25:75 ہے۔ گیسٹنگ کا تناسب بہتر ہو رہا ہے کیونکہ کمپنی باقاعدگی سے منافع حاصل کر رہی ہے۔ مکمل صلاحیت کے استعمال کے بعد اس میں مزید بہتری آئے گی۔

مستقبل کا منظر نامہ

قلیل سے درمیانی مدت کے دوران پاکستان کی معاشی صورتحال میں بہتری کے امکانات کم دکھائی دیتے ہیں۔ اگرچہ مالیاتی خسارے، توانائی کی قلت اور سیاسی عدم استحکام جیسے چیلنجز بدستور موجود ہیں، لیکن شعبہ جاتی ترقی، اسٹریکچرل اصلاحات اور بیرونی اقتصادی تعلقات کی وجہ سے ترقی کے نمایاں مواقع بھی موجود ہیں۔ ملک کے لئے یہ اہم ہے کہ وہ جاری معاشی اصلاحات کے لہجندے پر عمل پیرا رہے اور ایسی حکمت عملیوں پر توجہ مرکوز کرے جو استحکام کو یقینی بنائیں اور پائیدار ترقی کو فروغ دیں۔ مزید برآں، آئی ایم ایف کا نیا پروگرام اور اس سے متعلق بیرونی فنڈنگ کی آمد معیشت کی پائیداری کے لیے بہت زیادہ اہمیت کی حامل ہے

کمپنی اپنے آپریٹنگ نتائج کو بہتر بنانے اور مارکیٹ میں اپنی لیڈر شپ کو برقرار رکھنے کے لئے بروقت فیصلے کرتے ہوئے موجودہ چیلنجز پر قابو پانے کے لئے پرعزم ہے۔ یہ اپنے موجودہ کاروباری اداروں میں مسلسل توسیع، تنوع اور ان کی ترتیب نو کے ذریعے پیکجنگ کے میدان میں ایک نمایاں پلیئر بننے کے لیے کوشاں ہے۔ بڑھتی ہوئی مسابقت کے دور میں، کمپنی اپنے مارکیٹ شیئر کو برقرار رکھنے اور بڑے پیمانے پر اکانومیز آف اسکیل کے حصول کے لیے پرعزم ہے۔ اگرچہ میکرو اکنامک حالات چیلنجز ہیں، مگر آپ کی کمپنی مسلسل ترقی کے لئے مارکیٹ میں دستیاب مواقع سے فائدہ اٹھانے کے لئے کافی بہتر پوزیشن میں ہے۔ کمپنی نے بار بار ایک طویل مدتی کاروباری ساکھ بناتے ہوئے مشکلات سے نمٹنے کے حوالے سے اپنی صلاحیت کا مظاہرہ کیا ہے جو اسٹیک ہولڈرز کی قدر میں اضافہ کرتا ہے۔ کمپنی اپنی مالی طاقت اور آپریشنل استعداد کار سے فائدہ اٹھاتے ہوئے بیرونی چیلنجز کو کم سے کم کرنے کے سلسلے کو جاری رکھے گی۔ کمپنی کی انتظامیہ معاشی صورتحال پر گہری نظر رکھے ہوئے ہے اسٹیک ہولڈرز کے مفادات کے تحفظ کے لیے موزوں اقدامات اٹھاتی رہے گی۔

خداشات اور مواقع

ای ایس جی کے اسٹریٹجک مقاصد

بورڈ ایک پائیدار اور اخلاقی اصولوں پر وضع کردہ کاروبار کو فروغ دینے کے لئے پر عزم ہے۔ ہمارے اسٹریٹجک اہداف میں ماحولیاتی انتظام، سماجی ذمہ داری اور بہترین گورننس شامل ہیں۔ ہم اپنے کاربن فٹ پرنٹ کو کم سے کم کرنے، وسائل کے تحفظ، اور ماحولیاتی وراثی کی حفاظت کے لئے پر عزم ہیں۔ ہماری ترجیحات میں تنوع کو فروغ دینا، ملازمین کی فلاح و بہبود کو یقینی بنانا، اور کمیونٹی کے ساتھ رابطے استوار رکھنا شامل ہے۔ ہماری فیصلہ سازی کی بنیاد اخلاقی طرز عمل، شفافیت، اور دانشمندانہ رسک مینجمنٹ پر ہے۔ بورڈ ان مقاصد کی مکمل حمایت کرتا ہے، اور ہمارے عہد کو مزید تقویت دیتا ہے تاکہ ہم اپنے تمام اسٹیک ہولڈرز کے لیے دیر پا قدر فراہم کر سکیں۔

پائیداری کے حوالے سے خطرات اور مواقع

پائیداری کے لئے کمپنی کا عزم غیر متزلزل ہے۔ بورڈ نے گورننس اور پائیداری کے خطرات اور مواقع کی نگرانی کے ساتھ ساتھ تنوع، مساوات اور شمولیت کی پالیسیوں اور کارپوریٹ اور ریگولیٹری معاملات میں بہترین طریقوں کو یقینی بنانے کے لئے ایک مناسب میکانزم قائم کیا ہے۔ ہماری اسٹریٹجک ترجیحات میں ماحولیاتی ذمہ داری، سماجی ذمہ داری اور موثر گورننس شامل ہیں۔ ہم اپنے کاربن فٹ پرنٹ کو کم کرنے، وسائل کو محفوظ کرنے، گرین ازبجی کے فروغ، اور فضلے کا پائیدار انتظام کرنے میں مصروف عمل ہیں۔ مزید برآں، ہم تنوع، ملازمین کی فلاح و بہبود، اور کمیونٹی کی شمولیت پر زور دیتے ہیں۔

پائیداری سے متعلق خطرات

پائیداری سے متعلق خطرات میں ماحولیاتی، سماجی اور گورننس (ای ایس جی) سے متعلق عناصر کا جائزہ شامل ہے۔ جدید آپریشنل طریقوں کو اپنانے، قابل تجدید توانائی کی پالیسیوں کو نافذ کرتے اور سبز اقدامات کی حمایت کرتے ہوئے کمپنی ایک پائیدار مستقبل کو فروغ دینے کے لیے کوشاں رہتی ہے۔ انتظامیہ نے واضح ای ایس جی مقاصد وضع کیے ہیں جو پائیداری کو بڑھانے اور مثبت سماجی اثرات پیدا کرنے کے حوالے سے کمپنی کے اسٹریٹجک ہدف سے مطابقت رکھتے ہیں۔

کمپنی نے جدید، ایسی ماحول دوست ٹیکنالوجیز میں کافی وسائل کی سرمایہ کاری کی ہے جو ذمہ دارانہ کھپت اور پیداوار کے اصولوں کی عکاسی کرتے ہیں۔ قائم شدہ فریم ورک کے مطابق توجہ طلب معاملات کی نشاندہی کرتے ہوئے، موجودہ اور ممکنہ خطرات کا تفصیلی جائزہ لیا جاتا ہے۔

تنوع، مساوات اور شمولیت (ڈی ای اینڈ آئی)

اپنی کثیر الجمختی افرادی قوت اور کمیونیز کے ساتھ، کمپنی تنوع، مساوات اور شمولیت (ڈی ای اینڈ آئی) کے اصولوں کی حمایت/وکالت کرتی ہے۔ ڈی ای اینڈ آئی کا فروغ دینا کمپنی کے لئے خاص توجہ اور اس کے پائیدار اور اخلاقی اصولوں پر استوار کاروباری طریقوں کے لئے بنیادی اہمیت کا حامل ہے۔

رسک مینجمنٹ

بورڈ آف ڈائریکٹرز نے سماجی و اقتصادی ماحول اور اس کے نتیجے میں پیدا ہونے والے اندرونی اور بیرونی خطرات پر گہری نظر رکھی جو کمپنی کے محفوظ اور ہموار آپریشنز اور کارکردگی کو متاثر کرنے کا باعث بن سکتے ہیں۔ اسٹیک ہولڈرز کے مفادات کے نگران کی حیثیت سے ڈائریکٹرز سال بھر خطرات کی نشاندہی اور ان کو کم کرنے میں پیش پیش رہے۔ بورڈ آف ڈائریکٹرز نے ممکنہ خطرات کی نشاندہی کی، کمپنی پر ان کے اثرات کا جائزہ لیا اور کاروبار کو لاحق خطرات کو کم کرنے کے لئے حکمت عملی تیار کی۔ کمپنی کی اسٹریٹجک سمت پر تبادلہ خیال اور اسے تشکیل دینے کے لئے بورڈ آف ڈائریکٹرز کا ایک اجلاس منعقد ہوا۔ ان حکمت عملیوں کی کمپنی میں ہر سطح پر نگرانی کی گئی۔

خطرات کا جائزہ

کاروباری اداروں کو متعدد غیر یقینی صورتوں کا سامنا رہتا ہے جو اس کے مقاصد کے لئے خطرات پیدا کر سکتے ہیں اور اگر ان پر توجہ نہ دی جائے تو نقصانات کا باعث بن سکتے ہیں کمپنی کے بورڈ آف ڈائریکٹرز نے اندرونی اور بیرونی دونوں خطرات کا جائزہ لیا ہے جو اسے درپیش ہو سکتے ہیں۔ خام مال کی بڑھتی ہوئی لاگت کمپنی کو درپیش سب سے بڑا خطرہ ہے۔ پاکستانی روپے کی قدر میں کمی نے خطرے کو مزید واضح کر دیا ہے۔ اس کے منفی اثرات کو روکنے کے لئے، کمپنی نے اپنے کلیدی بین الاقوامی سپلائرز کے ساتھ اسٹریٹجک تعلقات قائم کیے ہیں اور بروقت مذاکرات، پری آرڈرز اور بروقت ترسیل کو یقینی بنایا ہے۔ خام مال کی دستیابی ایک اور خطرہ ہے جس کا کمپنی کو سامنا ہے

چراٹ پیکجنگ عالمی شہرت یافتہ ای آر پی سسٹم۔ ایس اے پی استعمال کر رہا ہے، جو اپنے مربوط فنانس، کوالٹی کنٹرول، سپلائی چین اور انوینٹری مینجمنٹ ماڈیولز کے ذریعے مکمل طور پر فعال ہے۔ اس کے علاوہ، کمپنی نے ایچ آر ماڈیولز کے لئے ایس اے پی سیکسیس فیکٹر کو بھی نافذ کیا ہے۔ اس نے کمپنی کو بین الاقوامی معیاروں سے مطابقت رکھنے کے لئے تکنیکی ترقی کی رفتار سے ہم آہنگ ہونے کے قابل بنایا ہے۔ سسٹم کی سیکورٹی کو یقینی بنانے کے لئے مناسب رسائی اور دیگر کنٹرول موجود ہیں۔

بورڈ بڑھتے ہوئے انفارمیشن سیکورٹی خطرات کو مد نظر رکھتے ہوئے سائبر سیکورٹی کی اہمیت کو تسلیم کرتا ہے، جو براہ راست ہمارے کاروباری آپریشنز کو متاثر کر سکتے ہیں۔ کمپنی ایک ان ہاؤس آئی ٹی ڈیپارٹمنٹ رکھتی ہے، جس کے پاس آئی ٹی سے متعلق سیکورٹی کے لئے ہی وقف کردہ وسائل موجود ہیں۔ بورڈ کے مشورے کے مطابق سائبر سیکورٹی آڈٹ ہر دوسرے سال ایک بیرونی کنسلٹنٹ سے کروایا جاتا ہے اور اس کی جانب سے دی جانے والی ہر تجویز پر پوری طرح عمل کیا جاتا ہے۔ اس سال کے دوران سائبر سیکورٹی کے حوالے سے کوئی خلاف ورزی نہیں ہوئی۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیز کی کارکردگی کا جائزہ

کمپنی، کوڈ آف کارپوریٹ گورننس کے حصے کے طور پر بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کا سالانہ جائزہ لیتی ہے۔ کمپنی سیکرٹری کی طرف سے مکمل سوالنامے کی وصولی پر رازداری پر سختی سے عمل کیا جاتا ہے۔ طریقہ کار کی شفافیت کو یقینی بنانے کے لئے، کمپنی نے نتائج مرتب کرنے اور بورڈ آف ڈائریکٹرز کے لئے رپورٹ تیار کرنے کی غرض سے ایک آزاد آڈٹ فرم کی خدمات حاصل کی ہیں۔ رپورٹ کے مندرجات کا جائزہ لیا جاتا ہے اور جہاں بہتری کی ضرورت ہو، اس کی نشاندہی کی جاتی ہے۔

متعلقہ پارٹیز کی ٹرانزیکشنز

متعلقہ فریقوں کے ساتھ تمام ٹرانزیکشنز بالکل علیحدہ انجام دی گئی ہیں اور کمپنی کی فنانسشل اسٹیٹمنٹس میں انہیں باقاعدہ طور پر ظاہر کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی کمپلائنس کی اسٹیٹمنٹ

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط پر مکمل طور پر عمل درآمد کیا ہے۔ اسٹیٹمنٹ آف کمپلائنس رپورٹ کے متعلقہ سیکشن کے تحت پیش کیا گیا ہے۔

داخلی مالیاتی کنٹریولز کی صلاحیت کے حوالے سے ڈائریکٹرز کی ذمہ داری

بورڈ آف ڈائریکٹرز کی طرف سے اندرونی مالیاتی کنٹریولز کا موثر فریم ورک قائم کیا گیا ہے تاکہ آپریشنز کے ہموار اور موثر نفاذ، کمپنی کے اثاثوں کے تحفظ، متعلقہ قوانین اور قواعد کی تعمیل اور قابل اعتماد مالی رپورٹنگ کی ضمانت دی جاسکے۔ آزاد انٹرنل آڈٹ فنکشن مستقل طور پر ان مالیاتی کنٹریولز کے نفاذ کا جائزہ لیتا ہے اور اس کی نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی بنیاد پر انٹرنل کنٹریول اسٹرکچر اور فنانسشل اسٹیٹمنٹس کی کارکردگی کا جائزہ لیتی ہے۔

اخلاقیات اور کمپلائنس کے لئے عزم

کمپنی کا بورڈ آف ڈائریکٹرز اخلاقیات اور کمپلائنس کے اعلیٰ ترین معیار کو برقرار رکھنے کے لئے ہمہ وقت کوشاں ہے۔ یہ دیانت داری اور احتساب کی ثقافت کو فروغ دیتا ہے، ہمارے ضابطہ اخلاق کو برقرار رکھتا ہے، اخلاقی فیصلہ سازی کی حمایت کرتا ہے، کمپلائنس پروگرامز کو یقینی بناتا ہے، اور کسی بھی قسم کی خلاف ورزی کا مناسب اور فوری جواب دیتا ہے۔

یونی اربجی لیٹڈ

جوائنٹ وینچر ونڈ پاور پراجیکٹ یونی اربجی کو لیٹر آف انٹنٹ دیا گیا ہے اور ضلع ٹھٹھہ کے علاقے جھمپیر میں منصوبے کے قیام کے لیے باضابطہ طور پر زمین الاٹ کی گئی ہے۔ جے وی پارٹنرز نے منصوبے کے لئے جاری مالی ضروریات کو پورا کرنے کے لئے کمپنی میں ابتدائی لیکویٹی کے لیے سرمایہ کاری کی ہے۔ اس سلسلے میں چیراٹ پیکیجنگ نے شیئر ہولڈرز کی منظوری کے بعد 4.62 ملین روپے کی لیکویٹی سرمایہ کاری کی ہے۔ کمپنی نے ابھی تک اپنے آپریشنز کا آغاز نہیں کیا ہے کیونکہ انتظامیہ بھی حکومت کی قابل تجدید توانائی کی پالیسی کا جائزہ لے رہی ہے۔

بورڈ آف ڈائریکٹرز کی منعقدہ سات (7) میٹنگز کے دوران، تمام ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے

میٹنگز میں شرکت کی تعداد

ڈائریکٹر کا نام	7
جناب اکبر علی پستانی	7
جناب عامر فاروق	6
جناب اسلم فاروق	6
جناب شہریار فاروق	7
جناب عارف فاروق	6
جناب علی ایچ شیرازی	7
جناب عابد وزیر	5
جناب شیر افضل خان مزاری	5
محترمہ ملیحہ ہمایوں بگٹش	5

اس سال کے دوران آڈٹ کمیٹی کی چار (4) میٹنگز کا انعقاد ہوا۔ ہر ممبر کی حاضری کا ریکارڈ درج ذیل ہے

میٹنگز میں شرکت کی تعداد

ڈائریکٹر کا نام	4
جناب علی ایچ شیرازی	4
جناب عارف فاروق	4
جناب شہریار فاروق	4

اس سال کے دوران ہیومن ریسورس اینڈ ریسیوریشن کمیٹی کی تین (3) میٹنگز کا انعقاد ہوا۔ ہر ممبر کی حاضری کا ریکارڈ درج ذیل ہے

میٹنگز میں شرکت کی تعداد

ڈائریکٹر کا نام	3
جناب شیر افضل خان مزاری	3
جناب اسلم فاروق	3
جناب عامر فاروق	3

• پیٹرن آف شیئر ہولڈنگ رپورٹ کے ساتھ منسلک ہے

• اس سال کے دوران فی شیئر آمدنی (EPS) 18.04 روپے رہی جو کہ گذشتہ سال 18.5 روپے رہی تھی

ڈائریکٹرز کا مشاہرہ

کمپنی کے آرٹیکلز کے تحت بورڈ آف ڈائریکٹرز وقتاً فوقتاً نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کا معاوضہ طے کرنے کا مجاز ہوتا ہے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے کمپنی کے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے لیے معاوضے کی پالیسی تیار کی ہے۔ ڈائریکٹرز کے معاوضے کی تفصیلات 30 جون 2024 کو ختم ہونے والے مالی سال کی فنانسشل اسٹیٹمنٹس کے نوٹ 40 میں ظاہر کی گئی ہیں۔

- داخلی کنٹرول کا نظام اپنے ہئیت میں مضبوط ہے اور اس کا اطلاق مؤثر انداز سے کیا گیا ہے، اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے گورننگ کنسرن کے طور پر اپنا کام جاری رکھنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کی بہترین پریکٹسز سے کسی قسم کا انحراف نہیں کیا گیا ہے۔
- گذشتہ چھ سال کا اہم آپریٹنگ اور فنانس ڈیٹا، خلاصے کی صورت میں ساتھ منسلک ہے۔
- آپ کی کمپنی پر ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مدد میں کوئی رقم واجب الادا نہیں ہے، سوائے ان کے جو کاروبار کے معمول کے دوران وقوع پذیر ہوتے ہیں

- کمپنی اپنے ملازمین کے لیے پراویڈنٹ اور گریجویٹ فنڈ اکاؤنٹس رکھتی ہے۔ 30 جون 2024 تک ان فنڈز کی سرمایہ کاری کی قدر کے حوالے سے تفصیلات درج ذیل ہیں

پراویڈنٹ فنڈ	389.466 ملین روپے
گریجویٹ فنڈ	174.91 ملین روپے

بورڈ آف ڈائریکٹرز

بورڈ میں ڈائریکٹرز کی کل تعداد 9 ہے، جس کی کمپوزیشن درج ذیل ہے

8	مرد ڈائریکٹرز
1	خاتون ڈائریکٹر
3	a انڈیپنڈنٹ ڈائریکٹرز
	i جناب علی ایچ شیرازی
	ii جناب شیر افضل خان مزاری
	iii محترمہ ملیحہ ہمایوں بگلش
4	b نان ایگزیکٹو ڈائریکٹرز
	i جناب اکبر علی پستانی
	ii جناب اسلم فاروق
	iii جناب شہریار فاروق
	iv جناب عارف فاروق
2	c ایگزیکٹو ڈائریکٹرز
	i جناب عامر فاروق
	ii جناب عابد وزیر
1	خاتون ڈائریکٹر
	i محترمہ ملیحہ ہمایوں بگلش

سماجی کارپوریٹ ذمہ داری

کمپنی نے ہمیشہ تمام اسٹیک ہولڈرز بالخصوص اپنے لوگوں اور ماحولیات کے مفاد میں معاشرے میں اپنا اہم کردار ادا کرنے کی کوشش کی ہے۔ اپنی کارپوریٹ سماجی ذمہ داری کی پالیسیوں کے مطابق، کمپنی مینوفیکچرنگ تنصیبات اور آس پاس اور اس سے ملحقہ علاقوں میں رہائش پذیر افراد کے معیار زندگی کو بہتر بنانے میں مدد کے لئے متعدد سماجی سرگرمیوں میں مصروف عمل ہے۔ کمپنی ہمیشہ ان لوگوں تک پہنچی ہے جنہیں مدد کی ضرورت ہے اور بحران یا قدرتی آفات کی صورت میں انہیں ضروری مدد فراہم کی ہے۔ کمپنی ایک بہتر ماحول، ایک بہتر معیشت اور ایک بہتر پاکستان کا تصور رکھتی ہے اسی لیے یہ مختلف نامور خیراتی اداروں اور سماجی مقاصد کے لئے معاونت کے سلسلے کو جاری رکھتی ہے۔

حفاظت، صحت اور ماحول

کمپنی اپنے لوگوں کے لئے صحت اور حفاظت کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتی ہے اور اس سلسلے میں، متعدد اقدامات کیے گئے ہیں۔ اس میں بدلتی ہوئی کاروباری ضروریات کا سامنا کرنے کے لئے صحت اور ملازمین کی حفاظت کے پروٹوکول کا نفاذ شامل ہے۔ کمپنی کی پیداواری سہولیات انڈسٹری میں حفاظت کے مروجہ معیارات کے مطابق رہی ہیں۔ کمپنی ایک باقاعدہ ایچ ایس ای ڈیپارٹمنٹ رکھتی ہے جو ایچ ایس ای کے مقاصد کے نفاذ کی نگرانی کے لئے وقف ہے۔ یہ ڈیپارٹمنٹ نہ صرف بہترین ایچ ایس ای طریقوں پر عمل درآمد کو یقینی بناتا ہے بلکہ عملے کے لئے باقاعدگی سے فائر اور سیفٹی ٹریننگ کا اہتمام بھی کرتا ہے۔ ایچ ایس ای معیارات پر سختی سے عمل درآمد کے حوالے سے کمپنی کے عزم کی وجہ سے، اس سال کے دوران کوئی بڑا حادثہ رپورٹ نہیں ہوا۔

نیشنل ایکس چیکر میں حصہ

اس سال کے دوران کمپنی نے ٹیکسز، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی مد میں سرکاری خزانے میں 4 بلین روپے کا حصہ ڈالا۔

کارپوریٹ اور فنانس ٹرانسپیرینس رپورٹنگ فریم ورک پر اسٹیٹمنٹ

• کمپنی کی مینجمنٹ کی طرف سے تیار کی گئی فنانس ٹرانسپیرینس اس کے مالی معاملات، آپریشنز کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلی کو شفاف انداز سے پیش کرتی ہیں

• کمپنی کی باقاعدہ بکس آف اکاؤنٹ تیار کی گئی ہیں

• فنانس ٹرانسپیرینس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے حوالے سے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں

• فنانس ٹرانسپیرینس کی تیاری میں پاکستان میں لاگو، بین الاقوامی فنانس ٹرانسپیرینس رپورٹنگ اسٹینڈرز کا اطلاق کیا گیا ہے، اور اس سے انحراف کو واضح طور پر عیاں کیا گیا ہے اور اسکی وضاحت کی گئی ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

برائے سال مختتمہ 30 جون، 2024

مالیاتی کارکردگی

زیر نظر سال کے دوران، سیمنٹ انڈسٹری کی جانب سے پیپرسیک سے پولی پروپیلین بیگز پر منتقلی سے طلب میں تبدیلی، ملک میں سیمنٹ کی ترسیل میں عمومی سست روی اور پولی پروپیلین بیگز کی مارکیٹنگ میں زیادہ مسابقت کی وجہ سے کمپنی کی آمدنی میں کمی واقع ہوئی۔ تاہم، فلیکسیبل پیکیجنگ ڈویژن کا سیکڑ ریونیو نے معزز کسٹمرز کو اپنی طرف مائل کرتے اور پہلے سے نہ آزمائی ہوئی مارکیٹس میں اپنی جگہ بناتے ہوئے بڑھوتری کے رجحان کی عکاسی کرتا رہا۔ ملک میں زیادہ افراط زر بالخصوص بجلی کے ٹیرف اور فیول کی قیمتوں میں اضافے کی وجہ سے بے شمار ان پٹ آئٹمز کی لاگت اضافہ ہوا۔ اس سے پیداواری لاگت پر منفی اثر پڑا۔ پیپرسیک کی طلب میں بڑی کمی کو دیکھتے ہوئے، اس سال کے دوران کمپنی نے پیپرسیک لائن 1، 2 اور 5 کو فروخت کرنے کا فیصلہ کیا، جس پر عمل درآمد کا دیگر آمدن پر مثبت اثر پڑا۔

اس ٹرانزیکشن سے حاصل ہونے والی رقم کو انتہائی زیادہ شرح سود کے اس دور میں بینکوں کے قرضہ جات کو کم کرنے کے لیے استعمال کیا گیا۔ 30 جون 2024ء کو ختم ہونے والے سال کے دوران کمپنی نے 886 ملین روپے کا بعد از ٹیکس منافع حاصل کیا۔

ڈیویڈنڈ کی ادائیگی

کمپنی نے ہمیشہ منافع کی تقسیم کے حوالے سے اپنا نقطہ نظر یکساں رکھنے کی کوشش کی ہے۔ ڈیویڈنڈ کی ادائیگی کا فیصلہ کمپنی کی مالی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات اور توسیعی منصوبوں جیسے مختلف عوامل کو مد نظر رکھتے ہوئے کیا جاتا ہے۔ زیر نظر سال کے لئے، بورڈ آف ڈائریکٹرز 3.50 روپے فی شیئر کا فائنل کیش ڈیویڈنڈ تجویز کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ کمپنی کی جانب سے پہلے ہی ادا کیے جانے والے ایک روپیہ فی شیئر کے عبوری کیش ڈیویڈنڈ کے علاوہ ہے۔

پراجیکٹس کا احوال لہذا جیکشن کے حوالے سے اپ ڈیٹس

اس سال کے دوران، کمپنی نے اپنے دوسرے فلیکسوگرافک پرنٹر کا آغاز کیا۔ یہ اپنی نوعیت کا سب سے جدید اور موثر لیکوٹنٹ ہے، جو میسر از ونڈمولر اینڈ ہولشر سے حاصل کیا گیا ہے۔ کمپنی کے لیے کسٹمرز کی جانب سے فلیکسیبل پیکیجنگ میٹریل کے حوالے حوصلہ افزا ردعمل کا سلسلہ جاری ہے۔ مزید برآں، بڑھتی ہوئی طلب کے پیش نظر، کمپنی نے تقریباً 435 ملین روپے کی لاگت سے ایک کیریئر / ایس او ایس بیگ یونٹ قائم کرنے کا فیصلہ کیا ہے۔ اس منصوبے کو طویل مدتی قرض کے ذریعے مالی اعانت فراہم کی جائے گی اور توقع ہے کہ یہ مارچ 2025 تک مکمل ہو جائے گا۔ ایک اور پراڈکٹ کیٹگری کا اضافہ کمپنی کو پیکیجنگ میٹریلز کے لئے نئی مارکیٹوں سے موثر انداز سے فائدہ اٹھانے اور اپنے دستیاب وسائل کو زیادہ سے زیادہ بروئے کار لانے کے قابل بنائے گا۔

بورڈ آف ڈائریکٹرز آپ کو کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ فائنل اسٹیٹمنٹس برائے سال مختتمہ 30 جون 2024 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

جائزہ

پاکستان کا معاشی منظر نامہ ایک پیچیدہ اور نئی ابھرتی ہوئی صورتحال کی عکاسی کرتا ہے جو مستقل چیلنجز اور نئے پیدا ہونے والے مواقع سے جنم لے رہی ہے۔ ملک کی اقتصادی رفتار بہت سے عوامل سے متاثر ہوتی ہے، جن میں علاقائی پالیسی کے حوالے سے فیصلہ سازی، عالمی معاشی ماحول اور اسٹریچرل اصلاحات شامل ہیں۔ دانشمندانہ پالیسی مینجمنٹ اور آئی ایم ایف اسٹینڈ بائی ایگریمنٹ پروگرام کے کامیاب اختتام کی وجہ سے معاشی اور مالی صورتحال میں مسلسل بہتری دکھائی دے رہی ہے۔ اس پیش رفت سے ملک کے مجموعی معاشی احساس میں بہتری آئی ہے۔ اگرچہ آئندہ سال اور اس کے بعد کے حوالے سے انتہائی کم اقتصادی ترقی کا تخمینہ لگایا گیا ہے۔

پیکیجنگ سیکڑ، جس کا انحصار دیگر صنعتوں پر ہے، بھی کاروباری سرگرمیوں میں مجموعی طور پر معاشی سست روی سے متاثر ہوا ہے۔ افراط زر کے دباؤ، زیادہ ٹیکس کے معاملے، اور شرح سود میں اضافے کے نتیجے میں کمپنی کے آپریشنز کو متعدد چیلنجز کے ساتھ ساتھ غیر یقینی طلب سے متعلق منظر نامے کا سامنا کرنا پڑا۔

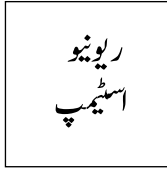
کاروباری جائزہ

پیکیجنگ سیکڑ کے تیزی سے بدلتے تقاضوں کے دور میں، کمپنی نے بروقت اسٹریٹجک فیصلے کے ذریعہ چیلنجز کا سامنا کرنے کے سلسلے کو جاری رکھا۔ جیسا کہ ہماری پچھلی رپورٹس میں تذکرہ کیا گیا ہے کہ قیمتوں کے فرق کی وجہ سے سیمنٹ انڈسٹری کی طرف سے پیکیجنگ مواد کے استعمال میں پیپرسیک سے پولی پروپیلین بیگز پر منتقلی کی صورت میں ایک بڑی تبدیلی واقع ہوئی ہے۔ کھپت کے پیٹرن میں تبدیلی کا ادراک کرتے ہوئے، کمپنی نے ضروری اقدامات کیے، جن میں پیپرسیک لائن 1، 2 اور 5 کی فروخت بھی شامل ہے۔

موجودہ سال اور پچھلے سال کے مالیاتی خدوخال درج ذیل ہیں۔

	2023	2024	
	(ملین روپے میں)	(ملین روپے میں)	
کل سیکڑ	16,554	13,820	
مجموعی منافع	3,277	1,461	
خالص منافع	908	886	

میں مسمیٰ / مسماة _____ سکنة _____
 ضلع _____ بحیثیت ممبر چیراٹ پیکیجنگ لمیٹڈ، مسمیٰ / مسماة _____
 سکنة _____ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ
 اور میری طرف سے کمپنی کے 35 واں سالانہ اجلاس عام بروز منگل 15 اکتوبر 2024، صبح 11:00 بجے، منعقد ہوگا، اس میں اور
 اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے بولے اور ووٹ ڈالے۔



ریونیو
اسٹیٹمنٹ

دستخط شیر ہولڈر

گواہان

1 دستخط _____

نام _____

پتہ _____

_____ / پاسپورٹ نمبر

(دستخط کمپنی میں درج نمونہ
کے مطابق ہونے چاہئے)

2 دستخط _____

نام _____

پتہ _____

_____ / پاسپورٹ نمبر

اہم نوٹ

- پراکسی فارم اس وقت تک قابل قبول نہ ہوگا جب تک کہ یہ سالانہ اجلاس عام کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں موصول نہ ہو جائے اور پراکسی فارم لازمی طور پر مہر شدہ، دستخط شدہ ہو اور اس پر گواہان کے دستخط و کوائف موجود ہوں۔
- سی ڈی سی حصص داران جو اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کے اہل ہیں، وہ اپنی شناخت ثابت کرنے کے لئے اپنے ساتھ اصل کمپیوٹر: قومی شناختی کارڈ (CNIC) / پاسپورٹ لائیں اور پراکسی کی صورت میں لازمی طور پر اپنے CNIC یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختیار نامہ بمع نامزد فرد کے نمونہ دستخط لازمی طور پر پراکسی فارم کے ساتھ منسلک ہونے چاہئیں۔

مجموعی شیر

سی ڈی سی اکاؤنٹ نمبر		رجسٹرڈ فیلو نمبر
اکاؤنٹ نمبر	شریک نمبر	

کمپیوٹر شناختی کارڈ نمبر



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YES
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