

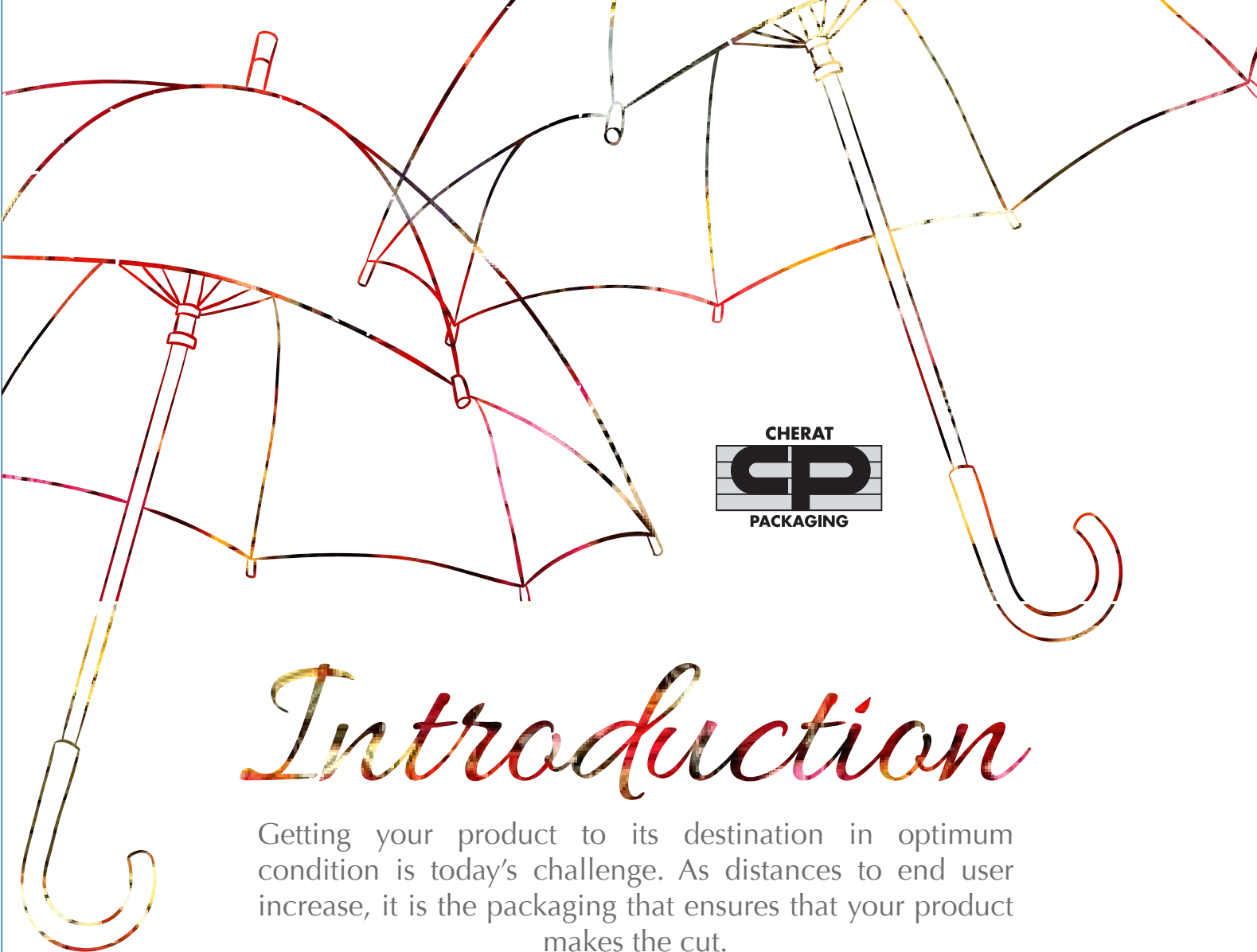


Cherat Packaging Limited

A Ghulam Faruque Group Company

Annual Report
2016

*For all Reasons
For all Seasons*



Introduction

Getting your product to its destination in optimum condition is today's challenge. As distances to end user increase, it is the packaging that ensures that your product makes the cut.

The variables in between have increased over time. Weather conditions, handling, shipping and freight, longer periods from production to usage time all have to be factored in to the packaging.

From the traditional cement papersacks to the new Polypropylene bags for cement, grain, sugar and chemicals, Cherat Packaging Limited, has through its clients' patronage, grown from strength to strength.

Reliability has been the key factor to our success and growth. When it comes to product, service, price, or advise, at

Cherat Packaging we have everything covered.



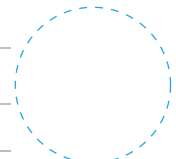
Contents

11	Vision & Mission	35	CEO's Message
13	Code of Conduct	36	Directors' Profile
14	Strategic Objectives	40	Directors' Report to the Members
15	Core Values	44	Additional Information
16	Nature of Business	51	Critical Performance Indicators
17	Expansion of Plant	52	Quarterly Performance Analysis
18	Group Structure	53	Quarterly Results Analysis
20	Company Information	54	Risks and Opportunities
22	Milestones	57	IT Governance Policy
24	Organizational Structure	58	Whistle Blower Policy
25	Calendar of Notable Events	59	Safety of Records Policy
26	Our Locations	60	Conflict of Interest Policy
27	Geographical Presence	61	Social and Environmental Responsibility Policy
28	Notice of Annual General Meeting		





63	Quality Management	83	Key Operating Highlights
64	Corporate Governance - Stakeholders' Engagement	86	Statement of Value Addition and Distribution of Wealth
66	Corporate Governance - Additional Information	87	Statement of Compliance with the Code of Corporate Governance
69	Report of the Audit Committee	89	Statement of Compliance with the Best Practices of Transfer Pricing
70	Horizontal Analysis - Last Six Years	90	Review Report to the Members on Statement of Compliance with the Code of Corporate Governance
72	Vertical Analysis - Last Six Years	91	Share Price Sensitivity Analysis
74	Comments on Horizontal Analysis	92	Glossary of Terms
75	Comments on Vertical Analysis	93	Financial Statements
76	Ratios	126	Pattern of Shareholding
77	Comments on Ratios	133	Notice of Annual General Meeting (Urdu version)
78	Summary - Last Six Years	137	Directors' Report to the Members (Urdu version)
79	Cash Flow Statement - Direct Method		Proxy Form
80	Summary of Cash Flow Statement - Last Six Years		
81	Comments on Cash Flow Statement		
82	Dupont Analysis		



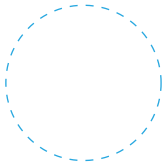




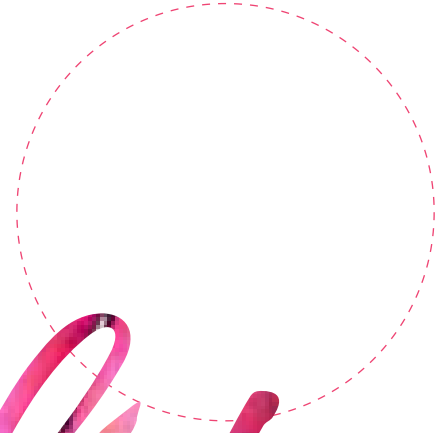
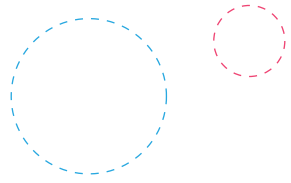
Add
Life
to your product

The natural elements are not in your control. However, what you can do to protect your product is.

Cherat Packaging ensures that you have the optimum advantage that we can provide. With two types of packaging solutions, Papersack or Polypropylene, we are best suited to offer multiple packaging options based upon your needs, with 4 Papersack lines and 3 Polypropylene lines working at full capacity. ***Cherat Packaging is your one window solution to packaging.***







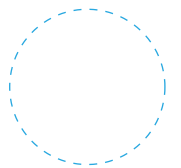
*Stand
Out*

Quality

From raw material to the finished product Cherat Packaging keeps total control over its production and product.

Acquiring the finest Kraft Paper and Polypropylene granules from international suppliers for its bags to production on the latest manufacturing lines, Cherat Packaging (CPL) constantly upgrades its internal standards.

*At Cherat Packaging, we
have quality covered.*







Stand Out *Calaur*

At Cherat Packaging we know and respect that the quality of our product influences the quality of yours.

For you to be recognized by your mark- by your brand, we at Cherat Packaging must ensure that your product is best represented. We take great pride of our printing quality and invest on world class printing press, quality printing inks and regularly change to new print stereotypes.

When your product looks great, Cherat Packaging looks good.







Vision

To be a preferred supplier of papersacks and polypropylene bags combined with efficient manufacturing facilities and satisfied customers.

Mission

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





Code of Conduct

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

Scope

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

Compliance Committee and Reporting of Violations

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

Compliance with the Law

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

Competition and Anti-trust Law

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

Bribery and Corruption

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

Money Laundering

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

Product Quality

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

Books, Records and Financial Reporting

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

Confidentiality

It is our policy that no employee entrusted with confidential information about the Company, its suppliers, customers or other business partners may disclose such

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

Protection and Information Security

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

Handling and Safeguarding of Cherat Packaging's Property

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

Equal Treatment and Fair Working Conditions

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

Health, Safety and Environmental Protection

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

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

Conflict of Interest

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

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



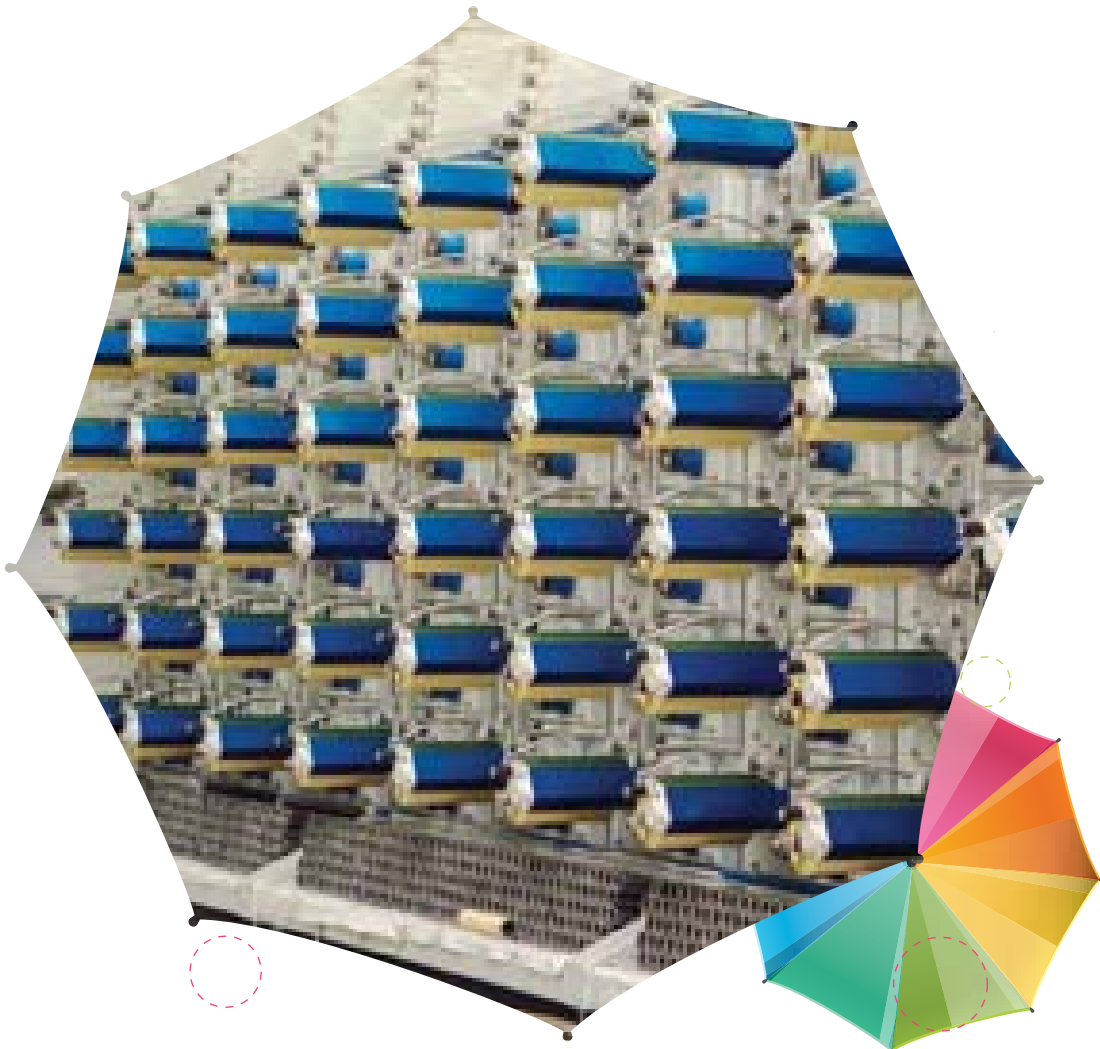
Strategic Objectives

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

We aim to develop the long-term sustainability of the organization by grooming and training our employees and providing a congenial work environment, where they are motivated to perform at the highest standards. We remain committed to the highest ethical and moral business values and to the true spirit of the Code of Corporate Governance.

Core Values

- ▶ Achieve excellence in business
- ▶ Explore new markets and keep up with emerging trends
- ▶ Strong commitment to quality
- ▶ Professional development of workforce
- ▶ Compliance to the practices of ISO 9001:2008

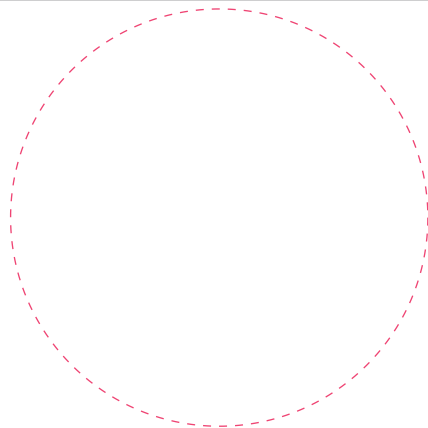





Nature of Business

Cherat Packaging Limited is a Ghulam Faruque Group (GFG) company. Established in 1991, CPL has been recognized as the leading manufacturer of premium quality cement sacks. The Company is listed on Pakistan Stock Exchange. CPL has an ISO 9001 certification and is a recipient of many prestigious awards including Pakistan Stock Exchange and Management Association of Pakistan's Best Company Award. CPL is a single source that meets cement packaging needs with its dual lines of business for Kraft paper and Polypropylene products. Apart from serving local market, the Company is also exporting bags to different parts of the world. In order for a company to continue to prosper it must embrace change and diversification. We are also supplying bags to sugar, wheat, chemical and other sectors. Our plant has an annual production capacity of 460 million bags (Kraft paper and Polypropylene).

During the year, CPL has installed its 3rd PP line (except for Convertex which was installed subsequent to the year). Each year the Company and its products have stood by the conviction and mission statement of providing value to all stakeholders. The Company has also ordered a state of the art new Universal paperbag line having a capacity of more than 135 million bags per annum.





Expansion of Plant



The Company's growth strategy is based upon servicing potential market opportunities. Capacity expansion will help the Company better align towards its long-term growth objectives and play a leading role in the market. With the completion of first phase of the third polypropylene line installation subsequent to the year end, the production capacity of the polypropylene plant of the Company has increased to 195 million bags per annum. This plant, also acquired from M/s. BSW – Windmoller & Holscher, is the fastest and most efficient of its type in the world. Another 50 million PP bags capacity will be added in 2017.

For acquisition of greater market share and, achieving further economies of scale and diversification, the LC has been establish for the import of new KP line. The new line will enhance the production capacity by 135 million bags per annum. The total papersacks capacity would increase to 400 million bags per annum. The new papersack line will have the capability to produce smaller bags too. With the addition of this line in 2017, the Company will be able to cater diversified markets as well.



Group Structure

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations; details and brief profile of other leading group companies / ventures are as follows:

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.

Mirpurkhas Sugar Mills Ltd Manufacturer of Cane Sugar



Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 300 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange Limited. The Company has a crushing capacity of 8,500 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 1,300 acre experimental farm.



Cherat Cement Company Ltd Manufacturer of Ordinary Portland Cement

Cherat Cement Company Limited was incorporated in 1981. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. The Company's annual installed capacity is 1,000,000 tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. The Company is in the process of installing another cement line at the same location with installed annual clinker capacity of more than 1,300,000 tons.



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 and sale of computer softwares. 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 the Group. 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 and ix) Fuel Dispenser.

Greaves Airconditioning (Pvt.) Ltd
Equipment Suppliers and HVAC Solution Provider

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

Greaves CNG (Pvt.) Ltd
Pakistan's Leader in CNG Installations

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
UNICOL LIMITED

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

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills Ltd, Faran Sugar Mills Ltd and Mehran Sugar Mills Ltd. It is engaged in the production and marketing of ethanol from molasses. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of ethanol.



Madian Hydropower Ltd
Joint Venture for Establishing
148 MW Hydro Power Plant



Mirpurkhas Energy Ltd., incorporated in 2016 as a public (unlisted) Company, is a fully owned subsidiary of Mirpurkhas Sugar Mills Limited. It is 26 MW Bagasse based Cogeneration Project. The principal activity of the company is to generate and supply electricity.

Milestones



1992

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



1996

Installed 2nd Bottomer to the production line.



1998

Acquired ISO 9001 QMS Certificate.



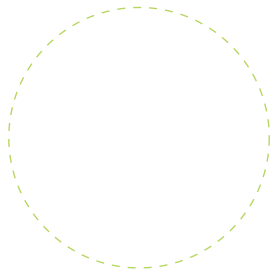
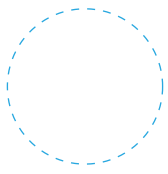
2006

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



2003

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



2012

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

2016

Partial installation of 1st phase of 3rd PP line having capacity of 50 million bags per annum.

2009

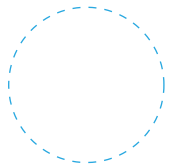
Added 4th Tuber and Bottomer to production line. With this addition the total installed capacity reached 265 million paper bags per annum.

2014

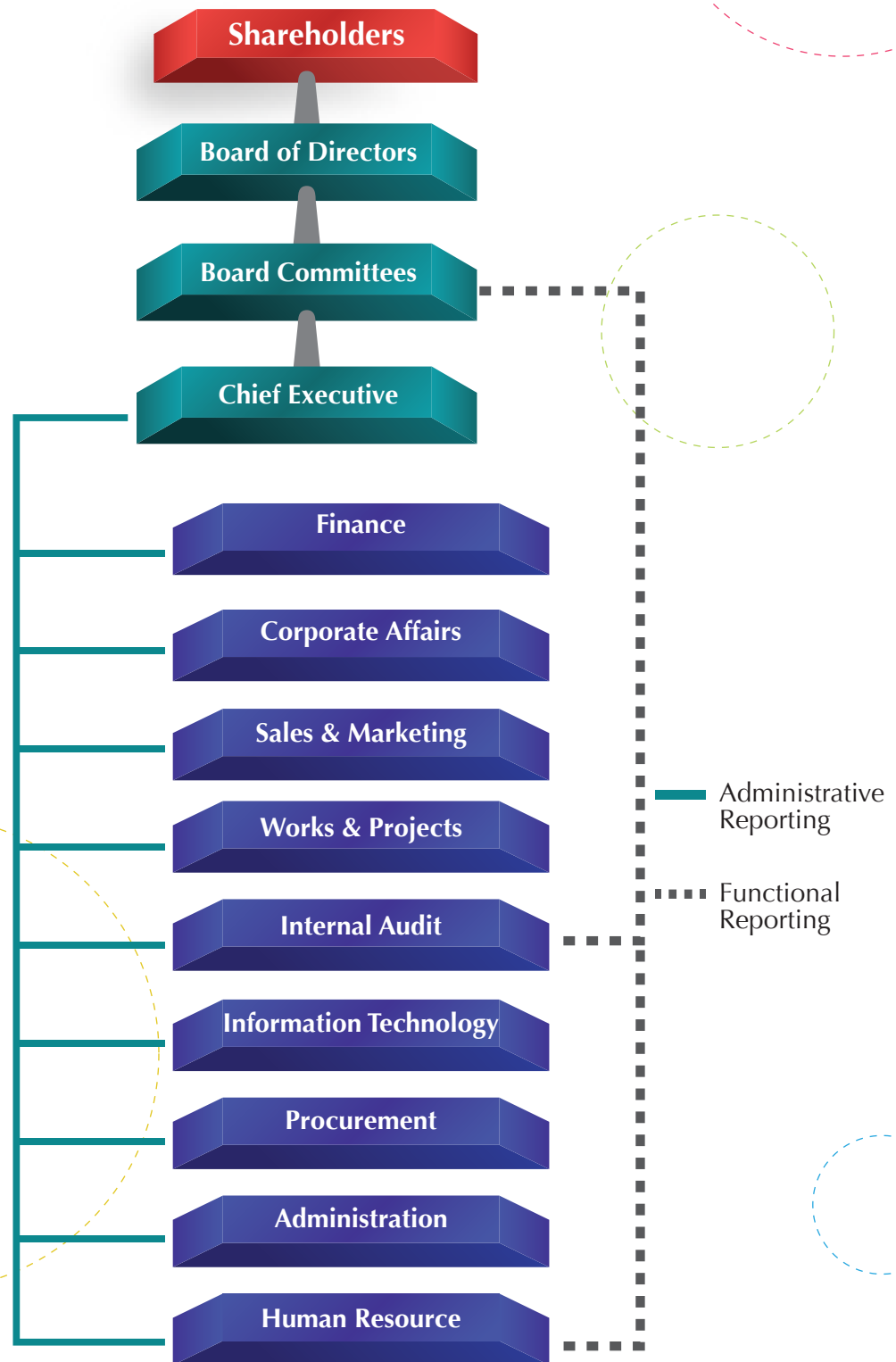
Installed 2nd convertex of 2nd PP Line and increased the capacity to 145 million PP bags per annum.

2013

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



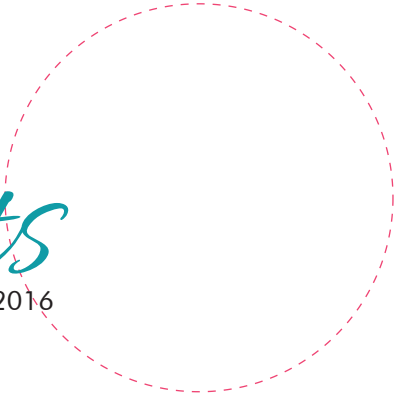
Organizational Structure





Calendar of Notable Events

July 2015 - June 2016



July 17

Eid Milan Party

August 14

Independence Day Celebration

August 18

National Tree Plantation Day

September 05

Received 1st prize in Best Corporate Reporting Award 2014 jointly organised by ICAP & ICMAP

October 15

26th AGM at Registered Office

October 27

Inauguration of PP 3rd Line

November 07

HO Staff Picnic to Sea side

December 12

Quran Khuani and Lunch at Plant

January 02

Group Cricket Tournament at HO

February 24

Received Amir S. Chinoy - Corporate Excellence Certificate organised by Management Association of Pakistan

April 02-03

Group Table Tennis Tournament

May 01

Labour Day Celebrations




May 15

Service Award Ceremony

June 04

Commencement of Commercial Production PP Line 3 Phase 1 (other than Convertex)



June 28

Employees' Iftar Dinner at Site

Our Locations



Geographical Presence



Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Monday, October 31, 2016 at 9:00 a.m. at the Registered Office of the Company at Betani Arcade, Jamrud Road, Peshawar to transact the following businesses:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2016 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @70% (Rs. 7.00 per share) in addition to interim cash dividend @30% (Rs. 3.00 per share) already paid to the shareholders for the financial year ended June 30, 2016 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2016/17 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

5. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.470 (I)/2016 dated May 31, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to compliance of S.R.O.470 (I)/2016 dated May 31, 2016 and subject to the consent and approval of the shareholders, the Board of Directors of the Company be and is hereby authorized to circulate the Annual Audited Accounts of the company to its members through CD/DVD/USB; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".

6. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.43 (I)/2016 dated January 22, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to compliance of

S.R.O.43(I)/2016 dated January 22, 2016 and subject to the consent and approval of the shareholders, it is resolved that Articles of Association of the company be and is hereby amended by inserting the following new clause after clause 62;

"(62A) A member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, only Members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the company, at least ten (10) days before holding of the general meeting, at the Company's head office address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power".

7. To consider and approve investment of up to Rs. 50 million in associated company namely Mirpurkhas Sugar Mills Ltd (MSM) in compliance with the provision of section 208 of the Companies Ordinance, 1984. It is, therefore, proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to section 208 of the Companies Ordinance, 1984 and subject to the consent and approval of the shareholders, the Board of Directors of the Company be and is hereby authorized to invest up to Rs. 50 million by acquiring the shares of Mirpurkhas Sugar Mills Ltd from the market; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".

8. To consider and approve investment of up to Rs. 100 million in associated company namely Cherat Cement Company Limited (CCCL) in compliance with the provision of section 208 of the Companies Ordinance, 1984. It is, therefore, proposed that the following resolution be passed as and by way of a Special Resolution:

“Resolved that pursuant to section 208 of the Companies Ordinance, 1984 and subject to the consent and approval of the shareholders, the Board of Directors of the Company be and is hereby authorized to invest up to Rs. 100 million by acquiring the shares of Cherat Cement Company Ltd from the market; that the Board of Directors of the Company and the Company

Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution”.

Statement(s) under section 160 of the Companies Ordinance, 1984, pertaining to the above-mentioned Special Businesses, are being sent to the Members with the Notice.

**By Order of
the Board of Directors**



Abid Vazir
Executive Director &
Company Secretary

Karachi: August 23, 2016

1. The register of members of the Company will be closed from Friday, October 21, 2016 to Monday, October 31, 2016 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, October 20, 2016 will be treated in time for the entitlement of final cash dividend.
2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
6. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

Status of investment in UniEnergy Ltd

The Company in its Annual General Meeting held on October 15, 2015 had obtained the approval of its shareholders for investment of up to Rs. 150 million in the equity of UniEnergy Limited. Keeping in view the status of the project and its financial requirements, the Company has so far invested Rs. 4.62 million only. The remaining amount will be invested by Cherat Packaging Ltd as and when required by UniEnergy Limited.

Statement (s) under section 160 of the Companies Ordinance, 1984

The statements set out material facts concerning "Special Businesses" to be transacted at the Annual General Meeting of the Company to be held on October 31, 2016. The approval of the Members of the Company will be sought for:

INFORMATION FOR CIRCULATION OF ANNUAL AUDITED ACCOUNTS TO THE SHAREHOLDERS THROUGH CD/DVD/USB

Item No. 5

The Securities and Exchange Commission of Pakistan (SECP) has allowed the companies to circulate the annual balance sheet, profit and loss accounts, auditor’s report and directors report etc., (Annual Audited Accounts) to its members through CD/DVD/USB at their registered address.

INFORMATION FOR MEMBERS TO EXERCISE THEIR VOTING RIGHT THROUGH ELECTRONIC MEANS (E-VOTING)

Item No. 6

The Securities and Exchange Commission of Pakistan (SECP) has allowed the members of the company to use their voting rights through electronic means (e-voting) by giving their consent in writing at least 10 days before the date of meeting of the company on the

appointment of Execution Officer by the Intermediary as a Proxy.

An instrument of proxy form in relation to e-voting shall be in the following form:

I/we _____ of _____, being a member of _____, holder of _____ share(s) as per Register Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution Officer _____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolution.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature of member

(Signature should agree with the specimen signature registered with the company)

INFORMATION ABOUT THE INVESTMENT

Item No. 7

Mirpurkhas Sugar Mills Limited (MSM) is one of the leading producer and supplier of refined sugar in Pakistan. The Company started commercial operations in 1964 and is listed on Pakistan Stock Exchange. The company has a history of consistent growth. It has a crushing capacity of 8,500 tones per day and is one of the most efficient sugar mills in Pakistan. It is also involved in the development of higher yield sugarcane variety on its experimental farms and adjoining areas. Its diversification into joint venture distillery – Unicol Ltd provided strategic depth to the company as it was able to generate additional source of income. Keeping in view the growing demand for electricity in the country, MSM has decided to establish a Bagasse based Power Generation Company by the name of Mirpurkhas Energy Ltd. The planned capacity of the power project is around 26 MW.

Further information in terms of S.R.O. 27 (I)/2012 dated January 16, 2012, the details of the investment are stated below:

(i) Name of the Associated Company or Associated Undertaking along with criteria based on which the associated relationship is established;	Mirpurkhas Sugar Mills Limited (MSM) Mr. Aslam Faruque, Mr. Amer Faruque, Mr. Shehryar Faruque, Mr. Arif Faruque and Mr. Tariq Faruque are also Directors of MSM.
(ii) Purpose, benefits and period of investment;	CPL intends to make an equity investment of up to Rs. 50 million by acquiring the shares of MSM from the stock market. Dividend from MSM will benefit CPL as it will enhance its Other Income, which will benefit the shareholders of the Company. Furthermore, addition of a good asset will also strengthen the financial statements of the company. This will be a long term investment by CPL.
(iii) Maximum amount of investment;	CPL intends to make an equity investment of up to Rs. 50 million by acquiring the shares of MSM.

(iv) Maximum price at which securities will be acquired;	Prevailing market price.
(v) Maximum number of securities to be acquired;	Subject to prevailing market price but up to a limit of Rs.50 million
(vi) Number of securities and percentage thereof held before and after the proposed investment;	Before : Nil After : subject to prevailing market price but up to a limit of Rs. 50 million
(vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Rs. 130 per share
(viii) In case of investment in unlisted securities , fair market value of such securities determined in terms of regulation 6 (1)	Not applicable.
(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs.137.72 (as on September 30, 2015)
(x) Earning per share of the Associated Company or Associated Undertaking for the last three years;	September 2013: Rs. 11.37 September 2014: Rs. 6.70 September 2015 : Rs. 8.47
(xi) Sources of fund from which securities will be acquired;	The investment will be made by CPL from its own resources
(xii) Where the securities are intended to be acquired using borrowed funds,- (I) Justification for investment through borrowings; and (II) Detail of guarantees and assets pledge for obtaining such funds	Not Applicable
(xiii) Salient features of the agreement(s), if any, entered into with its Associated Company or Associated Undertaking with regards to the proposed investment;	Not Applicable
(xiv) Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the Associated Company or Associated Undertaking or the transaction under consideration;	Mr. Aslam Faruque, Mr. Amer Faruque, Mr. Shehryar Faruque, Mr. Arif Faruque and Mr. Tariq Faruque are Directors of MSM. However, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv) Any other important details necessary for the members to understand the transaction;	Nil

Undertaking pursuant to Regulation 3 (3) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012.

The directors submit that they have carried out necessary due diligence for the proposed transaction particularly the investment in Mirpurkhas Sugar Mills Ltd.

INFORMATION ABOUT THE INVESTMENT

Item No. 8

Incorporated in 1981, Cherat Cement Co. Ltd. (CCCL) is a premier name in the field of cement manufacturing. The company produces high quality grey Portland cement using modern and sophisticated production facilities. It has a production capacity of 1,000,000 tons per annum and enjoys strong brand loyalty amongst its customers. The shares of the company are listed on Pakistan Stock Exchange. CCCL is currently in the process of enhancing its production capacity by another 1.3 million tons.

Further information in terms of S.R.O. 27 (I)/2012 dated January 16, 2012, the details of the investment are stated below:

(i) Name of the Associated Company or Associated Undertaking along with criteria based on which the associated relationship is established;	Cherat Cement Co. Ltd. (CCCL) Mr. Akbarali Pesnani, Mr. Shehryar Faruque and Mr. Arif Faruque are also the Directors of CCCL.
(ii) Purpose, benefits and period of investment;	CPL intends to make an equity investment of up to Rs. 100 million by acquiring the shares of CCCL from the stock market. Dividend from CCCL will benefit CPL as it will enhance its Other Income, which will benefit the shareholders of the Company. Furthermore, addition of a good asset will also strengthen the financial statements of the company. This will be a long term investment by CPL.
(iii) Maximum amount of investment;	CPL intends to make an equity investment of up to Rs. 100 million by acquiring the shares of CCCL.
(iv) Maximum price at which securities will be acquired;	Prevailing market price.
(v) Maximum number of securities to be acquired;	Subject to prevailing market price but up to a limit of Rs.100 million
(vi) Number of securities and percentage thereof held before and after the proposed investment;	Before : 4,243,362 shares i.e. 2.4% After : subject to prevailing market price but up to a limit of Rs. 100 million
(vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Rs. 120 per share
(viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not applicable.
(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs. 45.44 (as on June 30, 2015)
(x) Earning per share of the Associated Company or Associated Undertaking for the last three years;	June 2013: Rs. 11.68 June 2014: Rs. 9.60 (Restated) June 2015: Rs. 8.01

(xi) Sources of fund from which securities will be acquired;	The investment will be made by CPL from its own resources
(xii) Where the securities are intended to be acquired using borrowed funds,- (I) Justification for investment through borrowings; and (II) Detail of guarantees and assets pledge for obtaining such funds	Not Applicable
(xiii) Salient features of the agreement(s), if any, entered into with its Associated Company or Associated Undertaking with regards to the proposed investment;	Not Applicable
(xiv) Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the Associated Company or Associated Undertaking or the transaction under consideration;	Mr. Akbarali Pesnani, Mr. Shehryar Faruque and Mr. Arif Faruque are Directors of CCCL. However, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv) Any other important details necessary for the members to understand the transaction;	Nil

Undertaking pursuant to Regulation 3 (3) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012.

The directors submit that they have carried out necessary due diligence for the proposed transaction particularly the investment in Cherat Cement Company Ltd.



Mr. Akbarali Pesnani

Chairman

Mr. Akbarali Pesnani is an MBA and a 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 level for over 37 years. Presently, he is the Chairman of Cherat Packaging Ltd, First Micro Finance Bank Ltd, and Aga Khan Cultural Service Pakistan and is a Director on the Board of Cherat Cement Company Ltd and Jubilee General Insurance Co. Ltd. His association with the Ghulam Faruque Group goes back almost 35 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 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. Mr. Amer Faruque is a member of the Centre of International Private Enterprise (CIPE) and in the past 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. He is the Honorary Consul of Brazil in Peshawar.



Directors' Profile

Mr. Aslam Faruque

Director

Mr. Aslam Faruque is a graduate from the University of Pacific, Stockton, USA, with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd, Unicol Ltd, UniEnergy Ltd and Mirpurkhas Energy Ltd. He is on the Board of Directors of Greaves Airconditioning (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd and Zensoft (Pvt.) Ltd. In the past, he has served as the 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 Cherat Cement Company Ltd, Mirpurkhas Sugar Mills Ltd, Faruque (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd, Zensoft (Pvt.) Ltd and Mirpurkhas Energy Ltd. Mr. Shehryar Faruque is also serving as Director of NBP Fullerton Asset Management Company (NAFA) and Summit Bank Ltd.



Mr. Arif Faruque

Director

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

Mr. Tariq Faruque

Director

Mr. Tariq Faruque graduated from Case Western Reserve University, USA. He holds a dual major in Economics and Political Science. He is a Director of Mirpurkhas Sugar Mills Ltd, Faruque (Pvt.) Ltd, Greaves Airconditioning (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd, Zensoft (Pvt.) Ltd, Madian Hydro Power Ltd, Unicol Ltd and Mirpukhas Energy Ltd.

Mr. Tariq Faruque was also a Member of the Board of Directors of Oil and Gas Development Company as well as served on the Board of Governors of Marie Adelaide Leprosy Centre. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



Mr. Abrar Hasan

Director

Mr. Abrar Hasan is the Chief Executive of National Foods since 2000. He graduated with a BS in Industrial Management and a minor in Industrial Engineering from Purdue University, Indiana, USA. Mr. Hasan has used his proficiency in Operations Management, Marketing and Finance with diligence to make National Foods one of the largest, most successful and innovative food industries in Pakistan. He was invited to join the Board of Cherat Packaging Ltd as an Independent Director in September 2010. Besides this, he is also a Director of Associated Textile Consultants (Pvt.) Ltd, Pakistan Business Council and The Health Foundation.

Mr. Abid Naqvi

Director

Mr. Abid Naqvi is the COO of ACL Capital (Pvt.) Ltd, a business materials company affiliated with Associated Constructors Ltd. He has worked in the field of Commercial and Development Banking and Stock Brokerage for a period of 25 years. He has also worked as CEO of Taurus Securities Ltd, a renowned name in the stock brokerage industry. He was on the Board of Pie in the Sky (Pvt.) Ltd., Alfalah GHP Investment Management Ltd and Atlas Honda Ltd. He is a graduate from the University College London, UK, in the field of Economics and Finance.



Directors' Report

to the members for the year ended June 30, 2016

The Board of Directors is pleased to present the annual report of the Company along with the audited financial statements for the year ended June 30, 2016.

COMPANY OVERVIEW

Stable macroeconomic environment coupled with improved security situation in the country has boosted the demand for cement in the country, which has resulted in an increase in the sale of bags produced by your Company. During the year, the company continued to achieve new production and dispatch milestones. Besides tapping into traditional markets for sale of bags, the company diversified into new markets segments including export of PP bags, which resulted in an increase in turnover. Rising volumes of both paper and PP bags have had a positive impact on the market share, sales revenues and the profitability of the Company for the year. The ability of the company to provide single window operation for premium packaging solutions to its valuable customers has helped the Company in achieving greater sales level together with improved operational and financial performance.

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

	2015 - 16	2014 - 15
	(Rupees in million)	
• Net sales	6,888.61	6,223.83
• Gross Profit	1,582.07	1,307.25
• Net Profit	918.24	651.41

FINANCIAL PERFORMANCE

During the year, there was an increase of around 11% i.e. Rs. 665 million in the sales revenue of the company. The increase in revenue was due to rise in the quantity of both paper and PP bags sold. During the year, the company efficiently managed its resources and explored new markets for its bags to enhance its sales volume and resultantly market share. Always striving for innovation, the company successfully introduced new varieties of packaging solutions to its customers during the year. The company also increased its export of PP bags by entering new markets and also supplied its bags to various industries like sugar, fertilizer, chemicals etc. After accounting for the above, the company was able to achieve an after tax profit of Rs. 918 million for the year 2015/16.



EXPORTS AND NEW PRODUCTS

Just like domestic market, the Company is also making a name for itself as a supplier of premium quality bags in the export markets of Asia, Africa and Europe. In the process, it is adding new customers to its portfolio. Furthermore, the Company has also made inroads in to new segments of PP bag market like sugar, fertilizer, chemicals, rice etc. and has also introduced new varieties of bags including BOPP bags to cater to various market segments.

UPDATE ON EXPANSIONS

- **Polypropylene Plant**

Subsequent to the year end, the third line of the polypropylene plant was successfully installed and commissioned at the factory. The plant, which has also been acquired from M/s. BSW – Windmoller & Holscher, is the fastest and most efficient of its type in the world. By virtue of this expansion, the production capacity of the polypropylene plant of the company has increased to 195 million bags per annum in the first phase. Another 50 million PP bags capacity will be added in the second phase in 2017. By virtue of this expansion, the company is confident of gaining greater market share and achieving further economies of scale. Additionally, the company is actively exploring export markets for sale of empty PP bags and is also manufacturing PP bags for packaging other products like sugar, chemicals, fertilizer, and other similar products to add value to the company operations.

- **Papersack Plant**

Work on the expansion of production capacity of the papersack line is progressing on schedule. The letter of credit for the fifth papersack line has been established and contracts will soon be awarded for other local works. On the financing front, the company has finalized the long term loan for the project with a leading bank at competitive terms. Addition of this papersack line will enhance the production capacity to around 400 million papersacks per annum. The management is confident of commissioning the new plant on time. The project is expected to benefit from decline in discount rate and stable foreign currency exchange rates.

DIVIDEND

At its meeting held on August 23, 2016 the Board of Directors has proposed a final cash dividend @ 70% (Rs. 7/- per share) for the year ended June 30, 2016. This is in addition to 30% (Rs. 3/- per share) interim cash dividend declared earlier. The approval of members for the cash dividend will be obtained at the Annual General Meeting to be held on October 31, 2016.

CORPORATE SOCIAL RESPONSIBILITY

The Company actively participates in various social work initiatives as part of its corporate social responsibility and contributes generously to various social and charitable causes including but not limited to health and education sectors. In this regard, the Company has worked with many reputable organizations and NGOs like The Aga Khan

University and The Citizens Foundation in Pakistan. The Company has always stood by the people of Pakistan in their hour of need and shall continue to do so.

SAFETY, HEALTH AND ENVIRONMENT

Being a responsible corporate citizen, the Company remains committed to continuous improvement in Health and Safety aspects. The production facility remained fully compliant with industry and environmental standards along with safety requirements and there was no occupational accident to our staff.

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 on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- The Company has been declaring regular dividends to its shareholders.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which are being made 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 fund as on June 30, 2016.

• Provident Fund	Rs. 137.6 million
• Gratuity Fund	Rs. 75.1 million

- During the year, six 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	6
Mr. Amer Faruque	6
Mr. Aslam Faruque	6
Mr. Shehryar Faruque	5
Mr. Arif Faruque	6
Mr. Tariq Faruque	6
Mr. Abrar Hasan	6
Mr. Abid Naqvi	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. Abid Naqvi	4
Mr. Tariq Faruque	4
Mr. Arif Faruque	4

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

Name of Director	Meetings Attended
Mr. Abrar Hasan	2
Mr. Aslam Faruque	2
Mr. Amer Faruque	2

- The pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year except for sale of shares by Mr. Aslam Faruque and Mr. Tariq Faruque.
- Earnings per share (EPS) during the year was Rs. 31.55 compared to Rs. 22.89 last year.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed around Rs. 2 billion to the Government treasury in the form of duties and taxes.

UNIENERGY LIMITED

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the company to meet the ongoing financial requirements for the project. In this regard, Cherat Packaging has made an equity investment of Rs. 4.62 million following the approval of the shareholders. At present, work on technical studies is taking place on the project. Furthermore, the management of the company is in the process of getting approvals from various governmental agencies and is also in touch with financial institutions for funding of the project.

FUTURE PROSPECTS

Significant improvement in the demand for cement in the country is having a positive impact on the sale of bags produced by the company. Benefits of stable economy, low oil prices and declining interest rates are reflecting on all sectors of the economy as investment activities especially in the construction sector in the country have gathered momentum. Launch of infrastructural projects and initiation of projects under China Pakistan Economic Corridor will further boost the offtake of cement in the country. In such a scenario, addition of third line of poly-propylene plant and subsequently fifth line of papersack plant will allow the company to meet the enhanced demand for packaging materials. Furthermore, it will also allow the company to explore new market segments including export of PP bags and packaging material for other products like sugar, fertilizer, chemicals etc. Being the only company in Pakistan to provide single window cement packaging solution, CPL is strategically well positioned to meet the requirements of its valuable clients. We are confident that these measures will further drive the sales of the company in the future. Additionally, the Company is also making concerted efforts to improve its operational efficiencies and optimize the utilization of its available resources.

AUDITORS

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

ACKNOWLEDGMENT

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

On behalf of the Board of Directors



Akbarali Pesnani
Chairman

Karachi: August 23, 2016

Additional Information

MANAGEMENT OBJECTIVES & STRATEGIES

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 stakeholders' value is maximized through returns on investments, which management believes can be achieved through revenue maximization and cost control measures.

We have always benefited from timely expansion decisions and have added our third production line of PP during last year. We are confident that our expansion in papersack business through addition of fifth line of production will reap positive results in the future. During the year the revenue of the Company has increased by 10.68%. Currently we are the only Pakistani company which offers both papersacks and PP bags. Since it creates greater opportunities by providing one window operations to our customers and facilitates them in purchasing their medium of choice with respect to quality packaging material for their valuable products, we are able to bank on this strategic edge. The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns.

Cost is effectively controlled by the addition of the most modern, state of the art machinery, which not only results in energy conservation but also produces quality products in the most efficient and effective manner. In spite of volatility in cost of major inputs, the Company managed to effectively deal with it through strict controls and effective management.

Effectiveness of internal controls is ensured through active Internal Audit Department, which independently recommends its suggestions to the Board's Audit Committee. On all constructive suggestions, the management takes timely corrective actions.

Cherat Packaging gives key consideration to Human Resource Management. A full fledge HR department is established which is supervised by Human Resource & Remuneration Committee of the Board of Directors. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Analysis (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. 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.

We are having world's largest ERP 'SAP' in place from end to end. The Company carried out one of the fastest implementations of SAP in Pakistan. The use of SAP helps management implement better internal controls and employ best business practices.

Another prime objective of management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. The Company has obtained international certificate of Total Quality Management (TQM) system ISO 9001:2008.

The result of these steps can be seen in our increased revenues, controlled costs and satisfied customers base with no major complaints.



Human Resource Management

There is no material change in Company's objectives and strategies from the previous year.

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. The Company also inducts apprentices in its Apprenticeship Program through which graduates from reputable institutions are inducted.

Industrial Relations

We maintain excellent relations with our employees & labour and the Company takes every reasonable step for swift and amicable resolution of all their issues.

Succession Planning

The Company has a process for identifying and developing internal people with the potential to fill key business leadership positions. This process increases the availability of experienced and capable employees that are prepared to assume these roles as they get to that level.

LIQUIDITY, CASH FLOWS AND CAPITAL STRUCTURE

Consistent profits earned have improved the liquidity position of the Company contributing to a better operating cycle of the business. With this, the Company has not only been able to pay off its installments for long-term loans but also has made early repayments of long term loans while increasing its operational capabilities. These factors have added to the sustainable growth of the Company with increased profitability and business stability. Moreover, the gearing of the Company has also been monitored and controlled in line with the business objectives. Strong liquidity of the Company is evidenced by current ratio of 2.71. The Company managed to earn healthy cash flows during the year, which are being monitored on a daily basis. Adequate debt and equity ratio is maintained. In the past 5 years the Company has issued right shares thrice to finance the expansion projects.

Liquidity Strategy

In view of the strong liquidity position and available unutilized short-term finance facilities of more than Rs. 3 billion, the management is confident that the Company would not face any liquidity issues in future. Besides, the management has practice of continuously monitoring cash flows on a daily basis and gradually increasing the short-term financing facilities in line with working capital requirements for optimized Company operations.

Financing Arrangements

The Company has good business relations with all the reputed banks and financial institutions of the country. Adequate unutilized short-term financing facilities are available at the Company's disposal. In the past the Company has obtained long-term loans to finance expansion projects at attractive mark-up rates.

Changes in Financial Position, Liquidity and Performance

It was the best performing year in the history of the Company as the Company posted ever highest profits in the outgoing year. Accordingly, the financial position, liquidity and cash flows of the Company have improved to a great extent. (Refer ratios section also).

Analysis of Financial and Non-Financial Targets

Targets are set for both financial and non financial indicators. Financial indicators are set for revenue, costs, profitability, gearing and liquidity etc, while non financial targets are set for Company and brand image, human resource development and growth / expansion etc.

The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Directors. We have surpassed all the key targets set in our last year's budget especially pertaining to production, revenue and profitability. We have been able to increase our market share. For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets. The Company has also met its non-financial targets in the areas of marketing, human resource and growth to a greater extent.

For revenue maximization marketing targets are set with respect to quantity and pricing. In line with its expansion, the management will try to improve the image of the Company and the brand. Specific marketing budgets are kept for advertisements. In addition, the Company is now selling various types of bags including sugar, wheat, rice, chemical and BoPP. These achievements are in line with the expectations as depicted in last year's Directors' report.

MARKET SHARE

Cherat Packaging is the largest player in the cement packaging business. Introduction of new products have always been the strength of the Company. Its production and sales is increasing every year on the bank of introduction of new products for cement industry. Since CPL can produce both Kraft paper and Polypropylene (PP) bags, it has been able to attract more customers than its competitors. The Company is the largest producer of cement bags in Pakistan. The Company's product of 2 ply paper bags is unmatched due to its low cost-better quality feature. In addition to the cement industry, the Company is also producing PP bags for sugar, chemical and other similar industries.



Segment Review
The Company is firmly holding its ground with respect to local market sales and the sales is in line with the growth in local cement industry. The Company has also improved its exports as a result of active exploration of new international markets. The Company believes that export market needs to be opened up further as it carries great potential since many venues are still undiscovered.

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.

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.



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.

Community Investment & Welfare Schemes

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

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.

Details of Charity Account

The Company makes donations to support less privileged people of the society. The main focus of donation is education and health. The Company has donated more than Rs. 3 million during the year. The recipients mainly include The Aga Khan Hospital and Medical College Foundation, other trusts and IBP School of Special Education Karachi.

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. Being an equal opportunity employer the management encourages hiring workforce from local vicinity and employment of less privileged and special persons are also considered.

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

The Board of Directors has approve 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.



Being a responsible corporate citizen, the Company remained committed to continuous improvement in Health and Safety standards practices. The Company gives particular attention to its production facility for health and safety aspects and also remained fully compliant with industry standards and safety requirements.

Occupational Safety and Health

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 a dedicated safety staff at our plant. Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protection Equipments.

Environment Protection Measures

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. In order to meet the 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.

Steps to Mitigate Effects of Industrial Effluents

Safe and healthy environment has always been the priority of the management of the Company. This mainly includes a healthy environment for employees and surrounding communities. 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 related policies are already in place. Employees are given proper training to minimize the wastage.

AWARDS AND RECOGNITIONS

Corporate Excellence Award

Cherat Packaging's outstanding performance was also recognized by the Management Association of Pakistan on account of Best Management Practices and the Company was awarded Amir S. Chinoy – Corporate Excellence Certificate in Paper and Board Category for the year 2015. The ceremony was held in Karachi in February 2016.

Best Corporate Report Award

For the financial year 2013-14 the Company 1st time participated for Best Corporate Report Award 2014. The contest is jointly held by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The Company secured the 1st POSITION in 'Others' sector. This achievement shows that Cherat Packaging is a responsible corporate citizen and believes in transparency in the process of data gathering and timely dissemination of factual information to our valuable stakeholders.





Forward Looking Statement

Amid the improving economic and security environment in the country, the government has embarked on constructing several mega infrastructural projects, which will lead to growth in the domestic demand for cement. This will have a positive impact on the sales of the Company. The Company is trying hard to capitalize its strategic edge over the existing cement bag suppliers since it can offer both Kraft paper and PP bags to meet the anticipated growth in the cement industry's local demand, which has shown an overall growth of almost 17% in this year.

In order to meet the growing demand for PP bags and sustain its growth pattern, the Company has installed PP line 3 phase 1 having capacity of 50 million bags per annum. The Company should be able to further increase its market share. Being the a single window cement packaging solution company, CPL is well positioned to meet the requirements for both paper and polypropylene bags of its valuable local and export clients. Because of its superior quality, CPL has become a supplier of choice for the supply of both paper and polypropylene bags. The Company is now actively exploring new markets for export of its bags in which it has achieved some success. Further, it is also working towards producing polypropylene bags for use in the packaging of other products like sugar, rice and chemicals. We are confident that these measures will drive the sales of the Company in the future.

The Company is also making concerted efforts to improve its operational efficiencies and optimize the utilization of its available resources. We take this opportunity to thank the Government of Pakistan and the State Bank of Pakistan for reducing the discount rates, which will encourage further economic activities in the country.

On the human resource side, based on the last year's Training Need Analysis (TNA) and performance appraisal of the Company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The Company has developed extensive training program for all levels of management. The Company will be conducting these trainings in future also which would equip the employees with required technical and management skills in the years to come.

Availability of power at competitive rates is a critical factor for the company. Other areas of concern may be volatility in international commodity pricing and exchange rates.

We are expecting stable interest and exchange rates during next year in view of improved macroeconomic indicators.

Financial projections

Keeping in view the foregoing, the Company is positive about the future prospects and expects to perform well in the ensuing years. The Company expects to enhance its revenue base through expansion to fulfil the expected increase in local cement industry demand on the back of improved economic and law and order situation coupled with construction of different infrastructural projects initiated by the Government. Competition in the local bags sales is also expected to increase which may put pressure on profitability of the Company. However, the Company foresees to minimize its impact through implementation of lean manufacturing concept and introduction of new and improved features bags.

Future revenue projections based on management's best judgement and estimates are as follows:

	2016/17	2017/18	2018/19
--	---------	---------	---------

Revenue

7,128

7,949

8,744

(Rupees in million)

Company Performance Against Last Year Projections

The Company anticipated growth in local cement demand in the last year forward looking statement which has increased from 8% to 17% in FY 2016. The Company was actively striving to improve export of the Company which has increased by 25.70% as against last year. As anticipated, profitability of the Company has increased because of expansion and better cost controls. Moreover, the Company also successfully introduced new bags of different variety as highlighted last year. All financial and non-financial targets established during last year were met to a greater extent.



Critical Performance Indicators

Sales

6,889

(Rs. Million)

Increase by

10.68%

Gross profit

1,582

(Rs. Million)

Increase by

21.02%

Profit before tax

1,308

(Rs. Million)

Increase by

41.77%

Profit after tax

918

(Rs. Million)

Increase by

40.96%

Earnings per share

31.55

(Rs.)

Increase by

33.40%

Market price per share

341.77

(Rs.)

Increase by

81.16%

Breakup value
per share

112.02

(Rs.)

Increase by

40.29%

Cash generated from
operating activities

1,314

(Rs. Million)

Increase by

8.84%

Interim & final
cash dividend

296

(Rs. Million)

Increase by

53.57%

Wealth distributed

6,918

(Rs. Million)

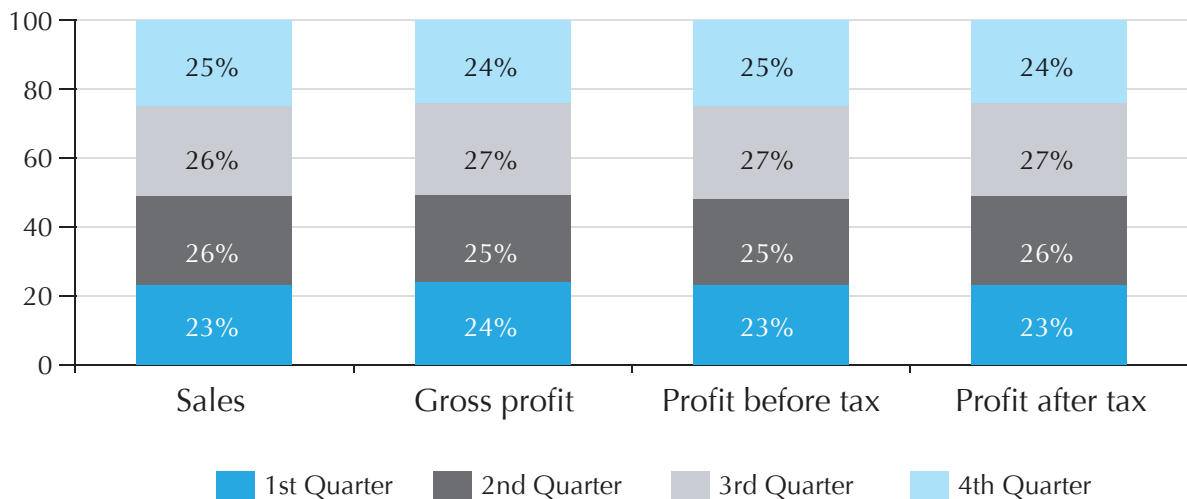
Increase by

11.03%

The above are the Critical Performance Indicators being used by the management and are expected to remain valid in future.

Quarterly Performance Analysis

	Sep-15	Dec-15	Mar-16	Jun-16	Total
	(Rupees in '000)				
Sales - Net	1,567,037	1,825,014	1,808,469	1,688,085	6,888,605
Cost of Good Sold	(1,195,095)	(1,427,349)	(1,389,044)	(1,295,050)	(5,306,538)
GROSS PROFIT	371,942	397,665	419,425	393,035	1,582,067
Selling Expenses	(15,368)	(19,412)	(23,264)	(26,492)	(84,536)
Administrative Expenses	(11,525)	(12,690)	(11,245)	(13,017)	(48,477)
Other charges	(22,524)	(25,842)	(26,979)	(22,332)	(97,677)
	(49,417)	(57,944)	(61,488)	(61,841)	(230,690)
Other Income	1,421	14,927	9,265	3,405	29,018
OPERATING PROFIT	323,946	354,648	367,202	334,599	1,380,395
Finance Cost	(27,573)	(21,563)	(12,725)	(10,543)	(72,404)
PROFIT BEFORE TAXATION	296,373	333,085	354,477	324,056	1,307,991
Taxation	(87,446)	(95,655)	(109,899)	(96,752)	(389,752)
PROFIT AFTER TAXATION	208,927	237,430	244,578	227,304	918,239



Quarterly Results Analysis

Quarter 1

Sales:	The first quarter sales of financial year 2016 decreased as compared to June quarter of financial year 2015 due to decrease in quantity sold.
Cost of sales:	This quarter witnessed reduced cost as compared to last quarter due to decline in quantity produced however, the reduction is not inline with reduction in sales due to increase in raw material prices.
Operating profit:	Due to factors mentioned above, operating profit reduced as compared to June quarter of financial year 2015.
Net Profit:	Despite reduced operating profit, net profit of the Company for September 2015 quarter increased owing to the imposition of super tax through finance bill 2015 which caused increase in tax incidence of June 2015 quarter resulting in reduced net profit for that quarter.

Quarter 2

Sales:	Sales increased due to increase in dispatches.
Cost of sales:	Cost of sales increased due to increase in dispatches and impact of increase in kraft paper prices however, the cost increment was partially curtailed by lower granule prices.
Operating profit:	Apart from aforementioned factors, the Company had received dividend income which resulted in increased operating profit of the Company.
Net Profit:	Net profit increased due to reasons mentioned above.

Quarter 3

Sales:	Sales decreased owing to decline in PP bags sales due to winter season moreover, paper & PP bags prices were also reduced during the quarter.
Cost of sales:	Cost of sales showed declining trend in quarter due to decrease in production and prices of imported raw material.
Operating profit:	Decline in cost of sales was higher than decline in sales which caused increase in operating profit.
Net Profit:	In addition to factors mentioned above, reduced finance cost also had an impact on better profitability of the Company.

Quarter 4

Sales:	Sales in this quarter decreased due to decrease in dispatches and decline in per bag price both in paper and PP bags.
Cost of sales:	Cost of sales decreased due to decrease in quantity dispatched.
Operating profit:	Both the above factors caused decrease in operating profit of the Company.
Net Profit:	Besides above factors, net profit of CPL has reduced due to imposition of super tax and hence increased tax expense however, capitalization of PP line 3 provided tax credit which reduced tax incidence.

Risks and Opportunities

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

RISKS

Like any business activity, the Company 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 strategy and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and with improvement suggestions 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.

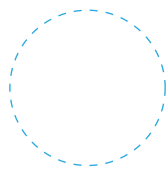
Rising Cost of Imported Raw Material: Raw material cost component is a substantial part of the overall cost of production of the Company. Due to frequent fluctuation of PKR parity against

USD and Euro, it becomes challenging for the Company to compete in the market. Additionally, the suppliers increase the cost of products supplied in view of international economic conditions.

Mitigant: The Company regularly scrutinize the parity fluctuations and whenever needed, enters into hedging arrangements. Moreover, the Company analyses raw material prices offered by various suppliers on a regular basis and has strategic relationships with key international raw material suppliers.

Rise in Energy Costs: The energy cost component is an important factor of the overall cost of product. Any rise in energy cost would hurt the profitability of the Company.





Mitigant: The Company cannot avoid usage of Government supplied electricity as the cost of self generated electricity is much higher than current energy cost. Keeping this in mind, the management of the Company strives to keep production wastage to a minimum level and productivity at the highest. Higher productivity helps reduce energy cost per bag and thereby increase in profitability of the Company. The Company has most modern and most efficient machinery in place.

Credit Risk: To keep competitive edge and to gain more market share, 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.

Mitigant: 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 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 endeavours to keep days outstanding to allowed number of days.

Working Capital Management: 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.

Mitigant: 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.

OPPORTUNITIES

One Window Operations: Cherat Packaging is the only Company in Pakistan having facilities to produce both kraft paper and polypropylene bags. 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: Cherat Packaging is the only company in Pakistan to have the highest combined production capacity which makes the Company the largest player in the industry. With this strategic edge, the Company actively pursues local and international markets to fully utilize its potential capacity and earn higher return for its shareholders.

Diversification: Cherat Packaging has developed the capability to produce not only Cement bags but also sugar, rice, chemical and BoPP bags. With this key ability in hand, the Company is committed to search all possible avenues to maximize the pace of growth of the Company and Shareholders wealth.

MATERIALITY APPROACH

The Board of Directors of Cherat Packaging reposes authority and power to the Company 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. All the matters as required by the Companies Ordinance, 1984 are referred to the Board of Directors for their approval.







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.



Whistle Blower Policy

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

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

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

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any

disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.

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

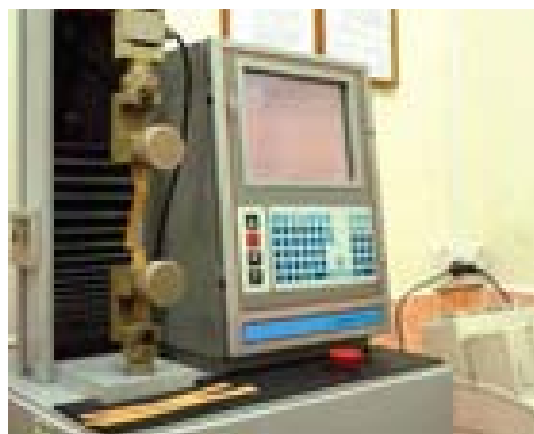
During the year no whistle blowing incident was reported under the mentioned procedure.



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 interests.

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 conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.





Social & Environmental Responsibility Policy

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

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

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

1. ensures its product and operations comply with relevant environmental legislation and regulations.
2. maintains and continually improves its environmental management systems and complies with requirements as outlayed by specific markets or local regulations.
3. 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.
4. does not produce any hazardous material from its factory.
5. informs suppliers, including contractors, of its environmental expectations and requires them to adopt environmental management practices aligned with these expectations.







Quality Management

Papersack Division (PSD)

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

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

Polypropylene Division (PPD)

Our Quality Management includes Monitoring and Testing of whole manufacturing process of Polypropylene (PP) sacks at 06 different stages, from Tape to PP Sacks inspection up to pre delivery stage.

- 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.

In-House Laboratory Testing of Papersack and Polypropylene Bags

Our Quality Control laboratory is a primary component to achieve our mission of maintaining strict control over every aspect of manufacture. Quality is an integral part of our ISO 9001:2008 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.



Corporate Governance - Stakeholders' Engagement

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.

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 Central Depository Company of Pakistan Limited (CDC) 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.

Investor Section

To keep transparency in the relation 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".

AGM Proceedings

The last AGM was conducted at Cherat Packaging's

registered office in Peshawar on Thursday, October 15, 2015 at 3:30 p.m. The meeting was properly organized and well attended by the Shareholders. The Shareholders appreciated the efforts made by the management in achieving very good results. Shareholders raised different questions on the Financial Statements, especially with respect to raw material prices and future outlook of the Company. The questions were answered in detail by the management after which the Financial Statements were approved by the Shareholders. Shareholders also gave approval for appointment of M/s. EY Ford Rhodes as external auditors and distribution of cash dividend. Further the shareholders also gave approval for investment in associated joint venture Wind Power Generation Company.

Matters raised in the last AGM

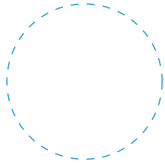
During the proceedings of 26th Annual General Meeting, shareholders praised the Company performance and inquired about future expansion plans.

The management informed about the installation of another PP bags line to meet the increasing demand of cement.

Replying to a query pertaining to diversification, the management informed that the Company has increased selling bags to sectors like sugar, chemical, wheat etc. Export markets have also been actively explored to increase revenues. The aforementioned will have a positive impact on the Company's revenue and profitability in future as like in the current year.

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.

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.

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.

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.

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.

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-togethers, celebrating sports day and team building activities.

Employees engagement improves the level of dedication and hard work.



INSTITUTIONAL INVESTORS AND ANALYSTS

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

Without compromising the confidentiality, business analysts are provided with information and briefings as and when they require.

The strong connection with institutional investors and analysts facilitates in avoiding any misconception / rumours in the market.

MEDIA

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

Interaction with media improves the Company brand image.



Corporate Governance - Additional Information

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. Abid Naqvi	Chairman
Mr. Arif Faruque	Member
Mr. Tariq Faruque	Member

The Audit Committee comprises of two Non-Executive Directors and one Independent Non-Executive Director being the Chairman of the committee. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Internal Auditor (CIA) and the external auditor attend Audit Committee meetings by invitation. The Audit Committee also separately meets the Chief Internal Auditor (CIA) and external auditors at least once a year without the presence of the Management.

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 2014-15, 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 Chief Internal Auditor 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 Board shall provide adequate resources and authority to enable the Audit Committee carry out its responsibilities effectively. The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the Company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

The terms of reference of the Audit Committee shall also include the following:

- a. determination of appropriate measures to safeguard the Company's assets;
- b. review of quarterly, half yearly and annual financial statements of the Company, prior to their by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with listing regulations and other statutory and regulatory requirements; and
 - significant related party transaction.
- c. review of preliminary announcement of results prior to publication.
- d. facilitating 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 of management letter issued by external auditors and management's response thereto;
- f. ensuring coordination between the internal and external auditors of the Company;
- g. review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h. consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i. ascertaining that the internal control system 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 of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k. instituting 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 to consider remittance of any matter to the external auditors or to any other external body;

- l. determination of compliance with relevant statutory requirements;
- m. monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and consideration of any other issue or matter as may be assigned by the Board of Directors; and
- n. consideration of any other issue or matter as may be assigned by the Board of Directors.

Frequency of meetings: The HR & RC shall meet as required for a proper functioning of the Committee.

Notice and Agenda: The Notice of the meeting shall be circulated by the Secretary (HR & RC) one week prior to the date of the meeting. The agenda for the meeting shall be developed by the management in consultation with Chairman (HR & RC).

Minutes: Minutes of the meeting shall be prepared by the Secretary (HR & RC) and circulated to the Members (HR & RC) within fourteen days of the HR & RC meeting.

Attendance: HR & RC may invite any employee / independent expert to attend its meeting. The Secretary shall maintain an attendance record of all those attending the meetings.

Reports to the BOD: HR & RC shall present the minutes including findings and recommendations of the HR & RC meeting to the BOD. HR & RC shall provide all and any related information required by the BOD.

Amendments: The BOD may at any time amend these regulations or revoke any powers granted by it to the HR & RC.

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abrar Hasan	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

Non-Executive 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 one [1] meeting during the year.

Terms of Reference of Human Resource and Remuneration Committee

Objectives: The Human Resource & Remuneration Committee (HR & RC) shall consider and make recommendations to the Board of Directors on Cherat Packaging Limited major human resource management policies, strategies and plans.

Composition: The HR & RC shall comprise of at least three directors majority of whom shall be Non-Executive Directors. The Chief Executive Officer (CEO) shall be included as a member of the HR & RC. One of the three members shall be appointed as Chairman of HR & RC by the BOD.

Tenure: The tenure of HR & RC shall be for a period of 3 years.

Duties & Responsibilities: The HR & RC shall review the following areas and make its recommendations:

- a) Major HR Policy frame work, including compensation structure;
- b) Overall organizational structure;
- c) Succession planning for key positions, including that of the CEO;
- d) Examine the management strategy for training needs assessment for the overall growth of the organization.

Quorum: The quorum of HR & RC meeting shall be two members.

OFFICES OF THE CHAIRMAN & CEO

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 with clear division of roles and responsibilities.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

Roles of Chairman and Chief Executive are clearly established in the Company.

The post of Chairman is held by a Non-Executive Director who is not involved in the day to day activities. The Chairman heads the Board meetings and is responsible for avoidance of conflicts of interests. The Chairman is authorized to set the agenda for Board meetings and to sign the minutes of the meetings. The Chairman ensures effective role of the Board in fulfilling all its responsibilities.

CEO is the Head of the Company's management. CEO is an Executive Director responsible for the overall operations and performance of the Company.

He is primarily responsible for:

- Safeguarding of Company assets;
- Creation of shareholders' value;
- Identification of potential diversification / investment projects;
- Implementation of projects approved by the Board;

- Ensuring effective functioning of the internal control systems;
- Identifying risks and designing mitigation strategies;
- Preservation of the Company's image, development of human capital and good investors' relations;
- Compliance with regulations and best practices.

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. Two directors of the Company namely Mr. Tariq Faruque and Mr. Abrar Hasan are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

BOARD MEETINGS HELD OUTSIDE PAKISTAN

During the year 6 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control the management has conducted all meetings in Pakistan.

ANNUAL EVALUATION OF BOARD PERFORMANCE

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, following procedure have been developed based on emerging and leading practices to assist in the self-assessment of individual director and the full Board's performance.

On an annual basis a questionnaire is circulated to all Directors, which is formally filled by the Directors and is submitted anonymously to the Board. The results are compiled by an independent Chartered Accountant firm.

The main criteria for the Board's evaluation is as follows:

- **Board Composition:** The Board is fully aware of its role & responsibilities, demonstrates integrity, credibility,

trustworthiness and active participation in its affairs. The Board has the right mix of skills, knowledge and experience and all Non-Executive/Independent Directors are equally involved in important board decisions.

- **Leadership and Planning:** The Board gives ample time to the strategy formulation based on Company's vision and mission and revisits the mission and vision statements from time to time. The Board provides guidance and direction, discusses the adequacy of resources, receives management reports and has a system in place to ensure smooth and effective succession planning.
- **Board Effectiveness:** All Board members board understand and fulfill their responsibilities and complies with all relevant laws. Significant issues are placed in front of the Board for consideration. Board ensures a healthy relationship with the stakeholders through adequate disclosures.
- **Board Accountability:** The Board reviews adequacy on internal controls, potential risks and risk management procedure. The Board is cognizant of its fiduciary responsibilities.
- **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.
- **Board Committees:** Formed adequate number of Board Committees to streamline discharging responsibilities. Sub Committees meetings are held regularly and their decisions/ recommendations are placed before the Board. The Board has approved and implemented Human Resource policies which imply equitable treatment to all employees irrespective of gender, religion, ethnic background etc.

The evaluation of the performance of the Boards is essentially an assessment of how the Board has performed on all these parameters.

Report of the Audit Committee

Audit Committee

Mr. Abid Naqvi
Mr. Arif Faruque
Mr. Tariq Faruque

Chairman
Member
Member

The Audit Committee of the Company comprises of two Non-Executive Directors and one Independent Non-Executive Director. The Chief Financial Officer (CFO), the Head of Internal Audit and the external auditor attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once a year without the presence of the Management.

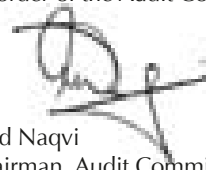
Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2014-2015. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has adhered, without any material departure, with both the mandatory and voluntary provisions of the Stock Exchanges of Pakistan, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.
2. 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.
3. 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.
4. Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
5. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.
6. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
7. The Chief Executive Officer and the Chief Financial Officer have signed the financial statements of the

Company. They acknowledge their responsibility for the true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of sound internal control system of the Company.

8. The Audit Committee has reviewed and approved all related party transactions.
9. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.
10. 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 of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.
11. The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.
12. Head of Internal Audit Department has direct access to the Audit Committee.
13. 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.

By order of the Audit Committee



Abid Naqvi
Chairman, Audit Committee
August 23, 2016

Horizontal Analysis

Last Six Years

2016		2015	
(Rupees in '000)	%	(Rupees in '000)	%

ASSETS

NON-CURRENT ASSETS	2,174,501	23%	1,765,831	17%
CURRENT ASSETS	2,510,213	15%	2,176,458	-5%
TOTAL ASSETS	4,684,714	19%	3,942,289	4%

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES	3,316,291	51%	2,198,965	59%
NON-CURRENT LIABILITIES	440,975	-46%	816,728	5%
CURRENT LIABILITIES	927,448	0%	926,596	-44%
TOTAL EQUITY AND LIABILITIES	4,684,714	19%	3,942,289	4%

PROFIT AND LOSS ACCOUNT

Turnover – net	6,888,605	11%	6,223,832	16%
Gross profit	1,582,067	21%	1,307,251	116%
Operating profit	1,380,395	22%	1,132,788	129%
Profit before taxation	1,307,991	42%	922,635	243%
Profit after taxation	918,239	41%	651,411	159%

2014		2013		2012		2011	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
1,511,414	6%	1,426,081	34%	1,063,054	109%	508,555	35%
2,295,302	7%	2,135,393	56%	1,369,884	7%	1,281,665	73%
<u>3,806,716</u>	<u>7%</u>	<u>3,561,474</u>	<u>46%</u>	<u>2,432,938</u>	<u>36%</u>	<u>1,790,220</u>	<u>60%</u>
1,385,242	14%	1,211,844	33%	911,129	4%	878,067	85%
780,000	70%	460,000	10%	418,750	644%	56,250	-41%
1,641,474	-13%	1,889,630	71%	1,103,059	29%	855,903	55%
<u>3,806,716</u>	<u>7%</u>	<u>3,561,474</u>	<u>46%</u>	<u>2,432,938</u>	<u>36%</u>	<u>1,790,220</u>	<u>60%</u>
5,355,792	30%	4,129,334	27%	3,256,878	32%	2,471,964	25%
606,600	39%	436,533	57%	278,228	-8%	303,721	29%
494,810	49%	332,348	60%	208,144	-12%	237,032	24%
268,801	53%	175,395	228%	53,491	-68%	165,811	74%
251,486	112%	118,569	66%	71,531	-62%	187,455	95%

Vertical Analysis

Last Six Years

2016		2015	
(Rupees in '000)	%	(Rupees in '000)	%

ASSETS

NON-CURRENT ASSETS	2,174,501	46%	1,765,831	45%
CURRENT ASSETS	2,510,213	54%	2,176,458	55%
TOTAL ASSETS	4,684,714	100%	3,942,289	100%

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES	3,316,291	71%	2,198,965	56%
NON-CURRENT LIABILITIES	440,975	9%	816,728	20%
CURRENT LIABILITIES	927,448	20%	926,596	24%
TOTAL EQUITY AND LIABILITIES	4,684,714	100%	3,942,289	100%

PROFIT AND LOSS ACCOUNT

Turnover – net	6,888,605	100%	6,223,832	100%
Gross profit	1,582,067	23%	1,307,251	21%
Operating profit	1,380,395	20%	1,132,788	18%
Profit before taxation	1,307,991	19%	922,635	15%
Profit after taxation	918,239	13%	651,411	10%

2014		2013		2012		2011	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
1,511,414	40%	1,426,081	40%	1,063,054	44%	508,555	28%
2,295,302	60%	2,135,393	60%	1,369,884	56%	1,281,665	72%
<u>3,806,716</u>	<u>100%</u>	<u>3,561,474</u>	<u>100%</u>	<u>2,432,938</u>	<u>100%</u>	<u>1,790,220</u>	<u>100%</u>
1,385,242	36%	1,211,844	34%	911,129	37%	878,067	49%
780,000	20%	460,000	13%	418,750	17%	56,250	3%
1,641,474	44%	1,889,630	53%	1,103,059	46%	855,903	48%
<u>3,806,716</u>	<u>100%</u>	<u>3,561,474</u>	<u>100%</u>	<u>2,432,938</u>	<u>100%</u>	<u>1,790,220</u>	<u>100%</u>
5,355,792	100%	4,129,334	100%	3,256,878	100%	2,471,964	100%
606,600	11%	436,533	11%	278,228	9%	303,721	12%
494,810	9%	332,348	8%	208,144	6%	237,032	10%
268,801	5%	175,395	4%	53,491	2%	165,811	7%
251,486	5%	118,569	3%	71,531	2%	187,455	8%

Comments on *Horizontal Analysis*

BALANCE SHEET

Fixed Asset

Fixed assets of the Company grew over past six years due to continuous expansions.

Investments

Company made initial investment in UniEnergy of Rs. 4.2 million. Additionally, stronger market price of CCCL provided unrealized capital gain of approximately 130 million in current year while commulative unrealized gain reached approximately Rs. 403 million.

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

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

Taxation

Taxation decreased as the company had adjusted its tax liability for the year against the tax refund. Moreover, the Company had exemption against withholding tax at import stage which kept the Company from piling up excessive refunds.

Share capital and reserves

Share capital and reserves grew over last six years as the Company continues to make profits; moreover, issuance of right shares in 2011, 2013 and 2016 to finance expansions also resulted in increase in shareholders' equity.

Long-term loans

The Company has always strived to maintain strong debt to equity ratio to optimize returns this is why the Company financed its project as combination of debt and equity. Owing to sturdy financial position, the Company paid off term loan I of Rs. 280 million and tranche II of term loan II of Rs. 200 million.

Current Liabilities

Current liabilities rise with the expansion of the Company operations. Current year liability escalated due to procurement of raw material to cater enhanced production expected with the installation of PP line 3. Rise in liabilities was curtailed by better sales and collections along with effectual financial management policies.

PROFIT AND LOSS ACCOUNT

Turnover

Turnover increased over past six years mainly on account of expansions, increased market share and appreciation of market prices.

Gross profit

Steady increase in gross profit over six years shows prosperous growth of the Company. The growth is mainly due to reasons mentioned above coupled with economies of scale obtained through diversification of operations into Polypropylene bags production, reduction of imported raw material prices.

Operating profit

Operating profit increased due to increase in Gross Profit margin.

Finance Cost

Despite enhancements in operation, finance cost reduced by reason of reduction in discount rates by SBP, better cash flows and higher profitability.

Net profit

Net profit is also showing positive trend by virtue of reasons mentioned above in addition to recognition of tax credits available against capital expenditures made in financial years 2012 through 2016. The company has also accounted for super tax as imposed by Federal Govt both in current and last year.

Comments on *Vertical Analysis*

BALANCE SHEET

Fixed assets

Ratio of fixed asset remained same on the asset side because of back to back expansions in PP line in 2015 and 2016.

Taxation

Taxation decreased as the Company made taxable profit which was adjusted against tax refunds. Moreover, exemption of withholding tax at import stage kept company from piling up excessive refunds

Long-term loan

Early repayment of long term loan of Rs. 280 million and Rs. 200 million were paid off during the year contributed in reducing long-term loan when compared to last year.

Profit and loss account

Gross profit

Gross profit of the Company increased as compared to last year in terms of ratio and in terms of amount. It was pushed upward by increase in market share & operations and appreciation in market price of the products offered by the Company.

Net profit

Exorbitant performance of the company translated in to ever highest net profit of the Company.

Ratios

Ratio Description	2016	2015	2014	2013	2012	2011
Profitability Ratios:						
Gross Profit Ratio	22.97%	21.00%	11.33%	10.57%	8.54%	12.29%
Net Profit to Sales	13.33%	10.47%	4.70%	2.87%	2.20%	7.58%
EBITDA Margin to Sales	21.71%	19.69%	10.94%	9.65%	8.02%	10.91%
Operating Leverage Ratio	2.05	7.96	1.65	2.23	(0.38)	0.96
Return on Equity	33.30%	36.35%	19.37%	11.17%	8.00%	27.74%
Return on Capital Employed	25.53%	21.87%	11.20%	6.85%	5.23%	19.29%
Effective Tax Rate	29.80%	29.40%	6.44%	32.40%	-33.73%	-13.05%
Liquidity Ratios:						
Current Ratio	2.71	2.35	1.40	1.13	1.24	1.50
Quick / Acid Test Ratio	1.26	1.38	0.72	0.51	0.54	0.47
Cash to Current Liabilities	0.02	0.01	0.01	0.01	0.03	0.01
Cash Flow from Operations to Sales	0.19	0.20	0.06	0.06	0.05	(0.12)
Investment / Market Ratios:						
Earnings per share (EPS)	31.55	23.65	9.13	5.42	3.39	11.87
Market Value per share Closing	341.77	188.66	74.25	38.50	28.80	47.37
Price Earnings Ratio	10.83	7.98	8.13	7.10	8.50	3.99
Break up Value per share	112.02	79.85	50.30	44.00	52.93	51.01
Dividend Yield Ratio	0.03	0.04	0.04	0.05	0.05	0.05
Dividend Payout Ratio	0.32	0.30	0.33	0.37	0.44	0.21
Dividend Cover Ratio	3.12	3.38	3.04	2.15	2.77	4.36
Dividend (Rs.)	296,055	192,780	82,622	55,080	25,819	43,031
Cash Dividend per share	10.00	7.00	3.00	2.00	1.50	2.50
Capital Structure Ratios:						
Financial Leverage Ratio	1.06	1.23	1.84	1.89	3.89	1.43
Weighted Average Cost of Debt	9.39%	11.10%	10.24%	10.56%	10.47%	10.12%
Net Borrowing / EBITDA	0.27	1.07	3.52	4.29	5.13	2.80
Average Operating Working Capital as %age of Sales	26.89%	32.90%	34.48%	33.13%	36.12%	35.22%
Debt to Equity Ratio	8 : 92	26 : 74	38 : 62	30 : 70	33 : 67	10 : 90
Interest Cover Ratio	19.07	5.39	2.19	2.12	1.35	3.33
Activity / Turnover Ratios:						
Inventory Turnover Ratio	4.74	4.91	4.17	3.80	3.61	3.43
No. of Days in Inventory	75.93	73.29	86.30	94.68	99.68	104.96
Debtor Turnover Ratio	8.96	8.41	8.28	7.76	9.33	9.94
No. of Days in Receivables	40.19	43.39	44.08	47.03	39.13	36.73
Total Assets Turnover Ratio	0.68	0.63	0.71	0.86	0.75	0.72
Fixed Assets Turnover Ratio	0.24	0.22	0.27	0.33	0.29	0.19
Creditor Turnover Ratio	18.68	25.64	15.80	17.61	35.97	26.98
No. of Days in Creditors	19	14	23	20	10	13
Operating Cycle	97	103	108	121	129	128



Comments on Ratios

Profitability

The Company has been performing steadily over the last six years. The Company performed well in financial year 2011. Despite slump in economic conditions, gross profit (GP) and net profit (NP) ratios were healthy because of implementation of strict financial management policies and provision of tax holiday & subsidy in mark-up rates by the Government. In the year 2012, the subsidy and tax holiday were abolished which impacted the Company's financial performance. Moreover, diversification into PP Plant had increased the expenses without significant increase in revenue of the Company as the plant became operational in the later part of the year. Additionally, price war had hampered the increase in operations of the Company. This caused the downfall in profitability ratios. However, efficient and effective implementation of strategic management policies have paved the way to increased market share which lured the management to further expand its production facility. This resulted in better performance in the year 2013. However, the GP and NP ratios remained near the same level as of the financial year 2012 as the competition was stiff and the Company had to remain competitive to gain market share. The performance was further enhanced in 2014. 2015 witnessed giant leap forward with respect to profitability of the Company. Current year made historic achievements in dispatches, production and profitability and posted ever highest profits and exalted profitability ratios.

Liquidity

With better profitability and improved cash flows, the liquidity of the Company is in strong position. The Company has highest current ratio however, quick ratio declined slightly due to higher stock level as of June 2016.

Investment / Market

Investment / Market Ratios are the direct reflection of the performance of the Company. As the Company gone through the events as described above in 'Profitability ratio', the market price per share and EPS reached ever highest in the current year when compared to last five years.

Capital Structure

The Company continuously monitor its capital structure and aims to keep it at its optimum level. Financial leverage was the highest in the financial year 2012 due to diversification into PP plant which became operational in December 2011 while the Company had to pay interest on loan obtained for the expansion. The ratio went down in later years as the operations grew and the Company posted better results.

Activity / Turnover

The inventory turn over of the Company witness healthy trend as the Company strives to implement more effective inventory management. As the major raw materials of the Company are imported, the Inventory Turnover of the Company remains on the higher side. To be competitive in the market and to gain market share, the Company extends credit to its customers keeping in view the credit worthiness of the customer. The Company seeks to maintain level up to 45 days credit. The Company believes in strong relation with creditors to assure smooth supply of goods and services which is why it endeavours to keep the creditors turnover at lower level. Implementation of effective management policies increased inventory turnover ratio and reduced operating cycle of the Company.

Summary Last Six Years

	2016	2015	2014	2013	2012	2011
	(Bags in million)					
Production	341.29	289.63	260.54	213.52	174.80	129.44
Sales	341.31	287.74	258.53	216.87	170.47	128.57

Summary of Balance sheet

	(Rupees in million)					
Assets						
Non-Current Assets	2,175	1,766	1,511	1,426	1,063	509
Current Assets	2,510	2,176	2,295	2,135	1,370	1,282
Total Assets	4,685	3,942	3,806	3,561	2,433	1,791

Equity and Liabilities

Shareholders' Equity	3,316	2,199	1,385	1,212	911	878
Non-Current Liabilities	441	817	780	460	419	56
Current Liabilities	928	926	1,641	1,889	1,103	857
Equity and Liabilities	4,685	3,942	3,806	3,561	2,433	1,791

Summary of Profit and Loss account

Turnover net	6,889	6,224	5,356	4,129	3,257	2,472
Gross profit	1,582	1,307	607	437	278	304
Operating profit	1,380	1,133	495	332	208	237
Profit before tax	1,308	923	269	175	53	166
Profit after tax	918	651	251	119	72	187

Cash Flow Statement Direct Method

CASH FLOWS FROM OPERATING ACTIVITIES

	2016	2015
	(Rupees in '000)	
Cash receipts from customers	7,032,656	6,103,493
Cash paid to suppliers and employees	(5,636,950)	(4,834,759)
Cash generated from operations	1,395,706	1,268,734
Income tax paid	(81,653)	(61,407)
Net cash generated from operating activities	1,314,053	1,207,327

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to operating property, plant and equipment	(382,570)	(21,224)
Proceeds from sale of operating property, plant and equipment	1,569	1,655
Long-term Investments made during the year	(4,620)	(100,000)
Dividend received	16,973	487
Short-term Investments redeemed during the year	5,563	-
Long-term loans	-	167
Long-term deposits	-	-
Net cash used in investing activities	(363,085)	(118,915)

CASH FLOWS FROM FINANCING ACTIVITIES

Long-term financing	(500,000)	(80,000)
Dividend paid	(225,297)	(109,614)
Proceeds from issuance of right shares	282,795	-
Short-term borrowings	(405,016)	(676,539)
Finance costs paid	(96,419)	(230,266)
Net cash used in financing activities	(943,937)	(1,096,419)

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents as at the beginning of the year

Cash and cash equivalents as at the end of the year

7,031	(8,007)
10,484	18,491
17,515	10,484

Summary of Cash Flow Statements Last Six Years

	2016	2015	2014	2013	2012	2011
	(Rupees in '000)					
Net cash generated from / (used in) operating activities	1,314,053	1,207,327	151,137	89,747	145,982	(286,797)
Net cash (used in) investing activities	(363,085)	(118,915)	(207,460)	(457,486)	(551,119)	(117,161)
Net cash (used in) / generated from financing activities	(943,937)	(1,096,419)	54,274	356,832	427,814	405,464
Net increase / (decrease) in cash and cash equivalents	7,031	(8,007)	(2,049)	(10,907)	22,677	1,506
Cash and cash equivalents as at the beginning of the year	10,484	18,491	20,540	31,447	8,770	7,264
Cash and cash equivalents as at the end of the year	<u>17,515</u>	<u>10,484</u>	<u>18,491</u>	<u>20,540</u>	<u>31,447</u>	<u>8,770</u>



Comments on

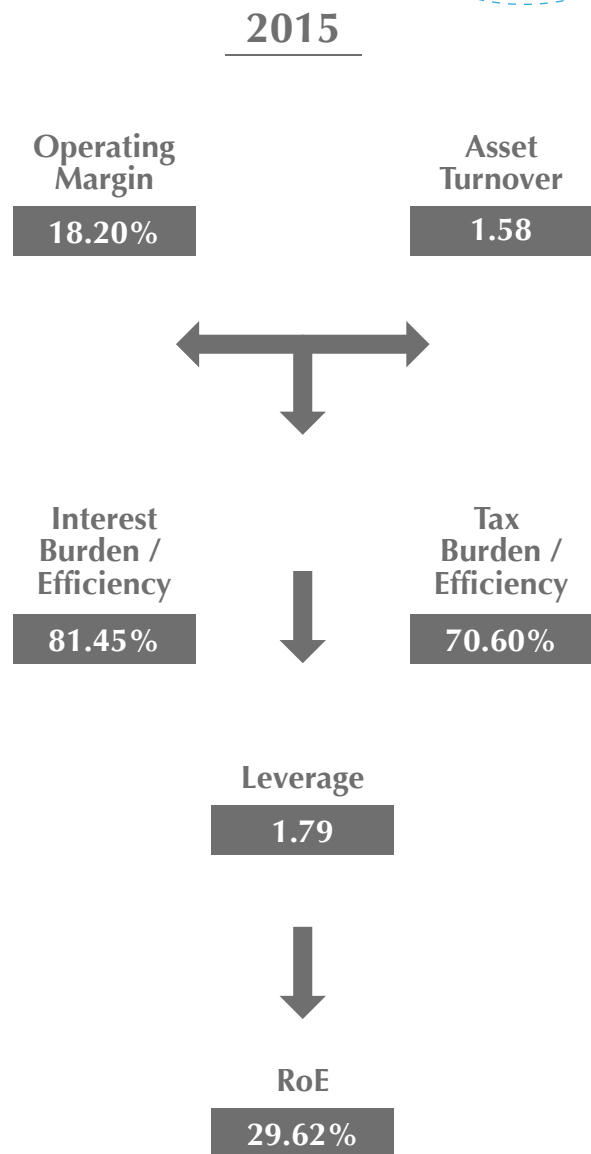
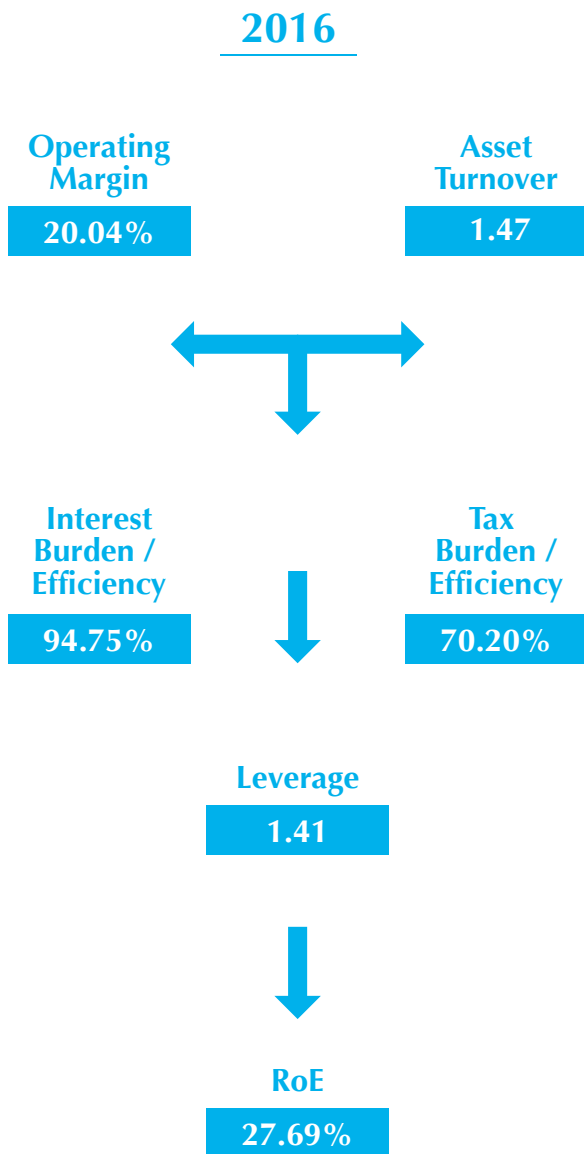
Cash Flow Statements

Cash flow from operating activities witnessed increasing trend during the period from FY 2011 to FY 2016. The major reason was the optimization of stock-in-trade level with respect to new polypropylene bags plant operations. Operating cash flows witnessed high growth in FY 2015 as the Company has better profitability than FY 2014. In current year, the ever highest performance of the Company caused cash flows from operating activities to increase further.

Cash usage in investing activities in FY 2012 to 2014 and 2016 was mainly due to PP bags plant expansions. In 2015, the Company has invested Rs. 100 million in Cherat Cement Co. Ltd.

Cash generation from financing activities have been high in FY 2011 to 2013 due to issuance of right shares in FY 2012 & 2013, increased short term borrowing during FY 2011 to 2013 owing to expansion in operations & financing of new PP plant through Long term loans. FY 2015 and 2016 witnessed high cash inflows due to better operations and proceeds from issuance of right shares which lead to repayment of short-term borrowings and long-term loans.

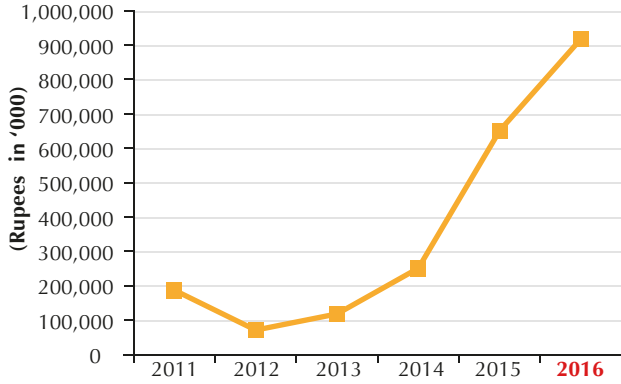
Dupont Analysis



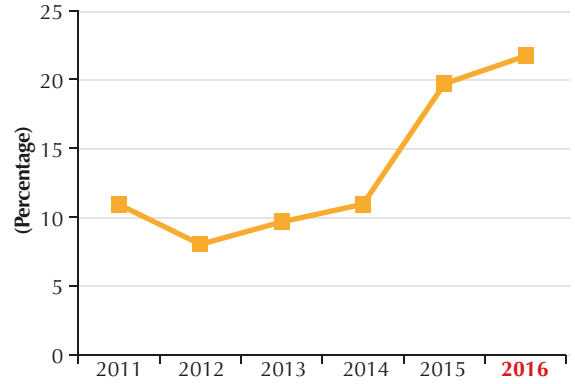
The Return on Equity (RoE) decreased despite an increase in profit due to issuance of rights shares during the year.

Key Operating Highlights

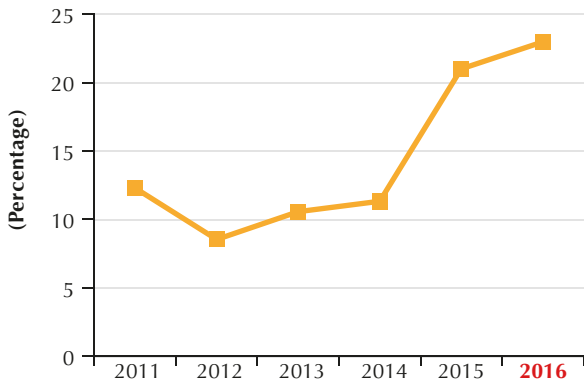
Profit After Tax



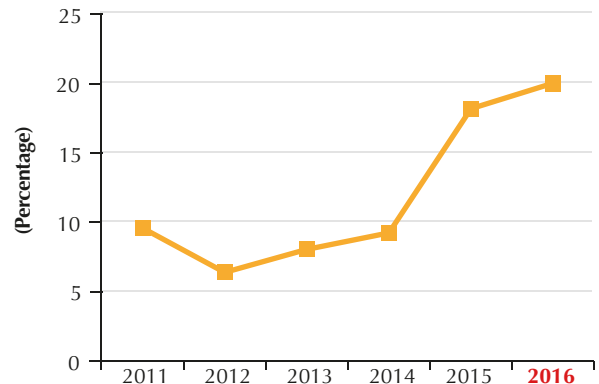
EBITDA Margin to Sales



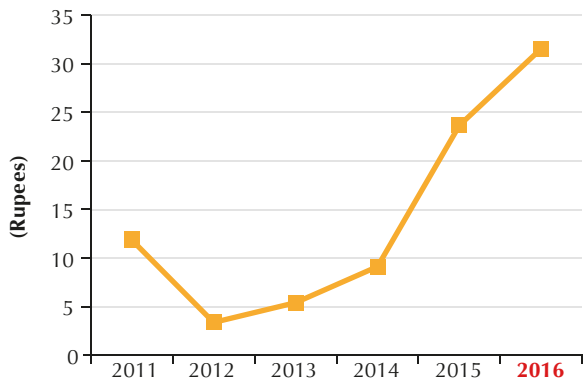
Gross Profit



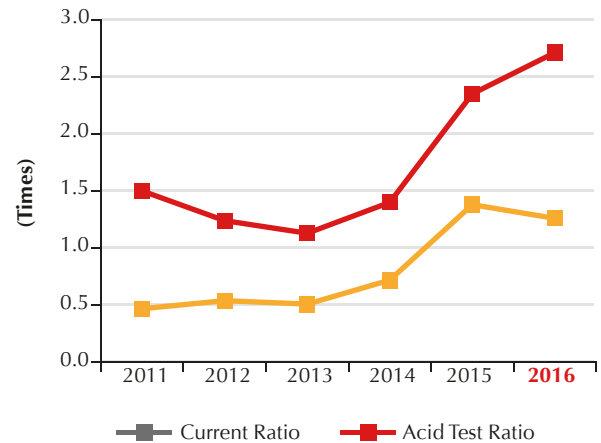
Operating Profit

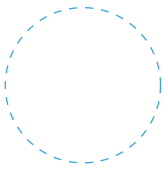


Earnings Per Share

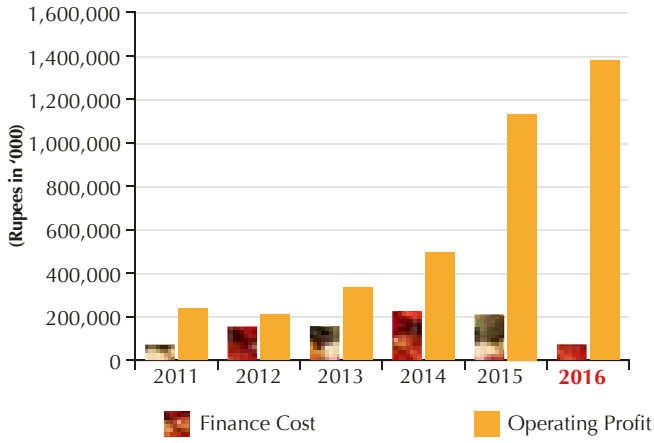


Liquidity Ratio

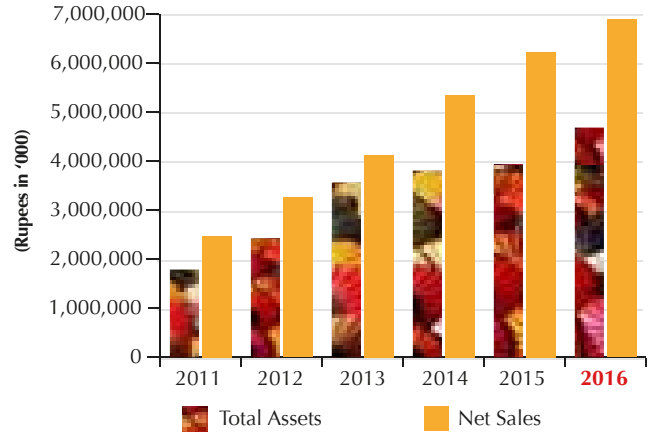




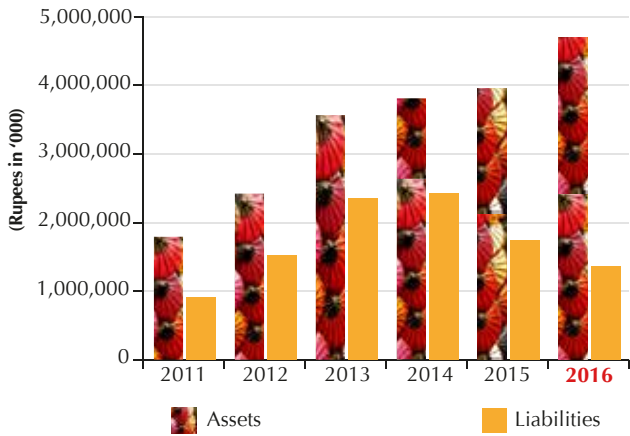
Interest Cover



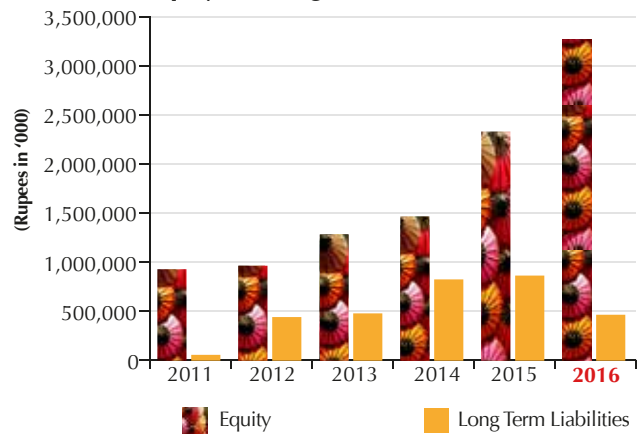
Sales to Total Assets



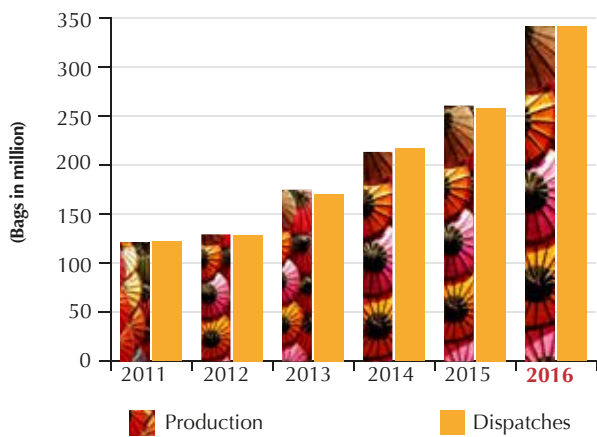
Assets and Liabilities



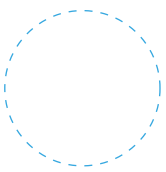
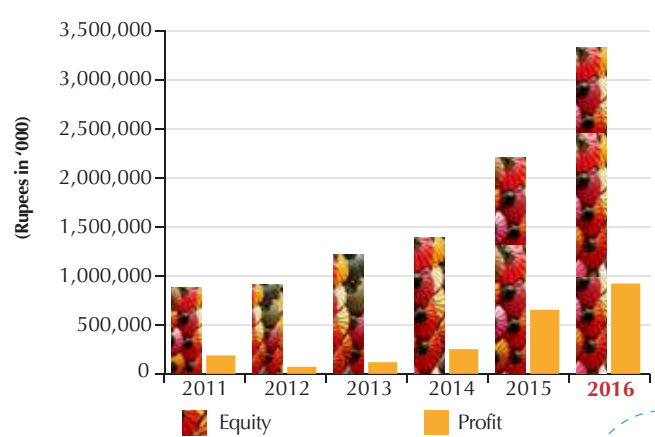
Equity and Long-Term Liabilities



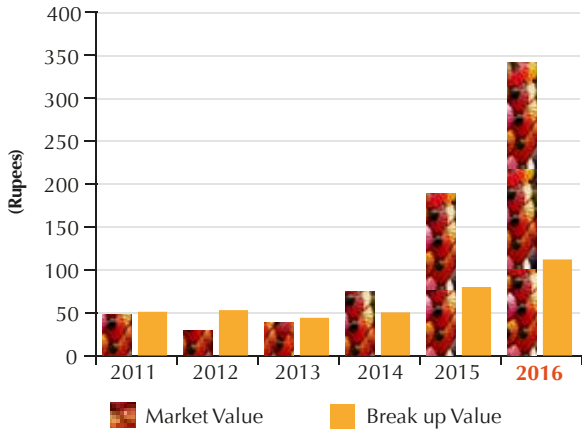
Production and Dispatches



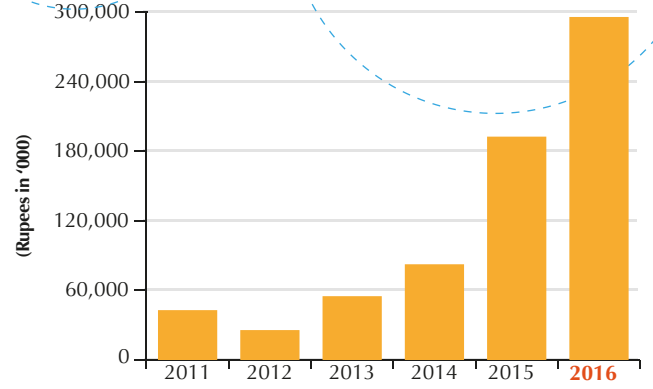
Return on Equity



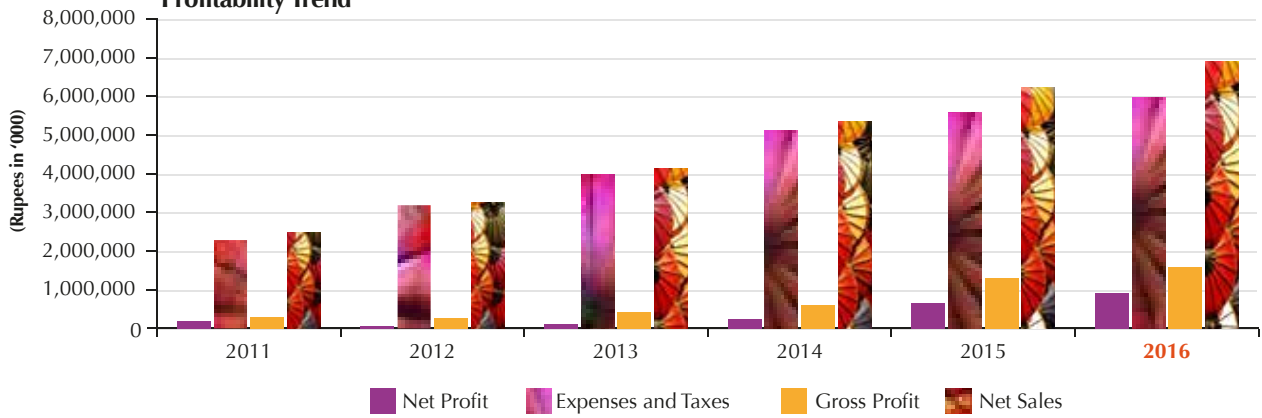
Value Per Share



Dividend Payout

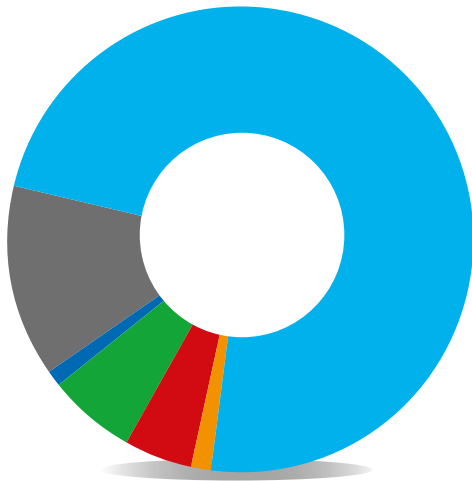


Profitability Trend



Statement of Value Addition and Distribution of Wealth

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth generated				
Net Sales	6,888,605	99.58%	6,223,832	99.89%
Other Operating Income	29,018	0.42%	6,828	0.11%
	<u>6,917,623</u>	<u>100.00%</u>	<u>6,230,660</u>	<u>100.00%</u>
Distribution of wealth				
Cost of sales (Excluding employees' remuneration)	5,075,077	73.36%	4,712,360	75.63%
Distribution & Administration expenses (Excluding Employees remuneration)	95,515	1.38%	83,223	1.34%
Employees remuneration	340,908	4.93%	286,021	4.59%
To Government as taxes	412,335	5.96%	286,342	4.60%
To debt providers	72,404	1.05%	210,153	3.37%
To society	3,145	0.05%	1,150	0.02%
Retained	918,239	13.27%	651,411	10.45%
	<u>6,917,623</u>	<u>100.00%</u>	<u>6,230,660</u>	<u>100.00%</u>

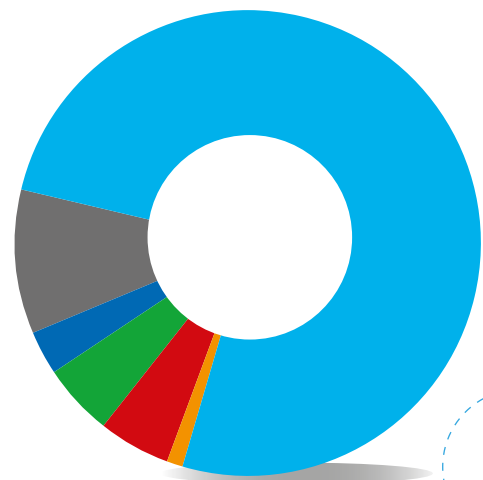


Distribution of Wealth 2016

Cost of Sales (Excluding Employees' Remuneration)	73.36%
Distribution & Administrative Expenses expenses	1.38%
To Employees as Remuneration	4.93%
To Government as Taxes	5.96%
To Providers of Finances as Financial Charges	1.05%
Retained within the Business	13.27%

Distribution of Wealth 2015

Cost of Sales (Excluding Employees' Remuneration)	75.63%
Distribution & Administrative Expenses expenses	1.34%
To Employees as Remuneration	4.59%
To Government as Taxes	4.60%
To Providers of Finances as Financial Charges	3.37%
Retained within the Business	10.45%



Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No. 5.19.23 of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent Non-Executive Directors and directors representing minority interests on its Board of Directors. At present the board includes:

Category	Names
Independent Directors	Mr. Abrar Hasan Mr. Abid Naqvi
Executive Director	Mr. Amer Faruque
Non-Executive Directors	Mr. Akbarali Pesnani Mr. Aslam Faruque Mr. Shehryar Faruque Mr. Arif Faruque Mr. Tariq Faruque

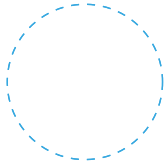
The independent directors meet the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company

are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

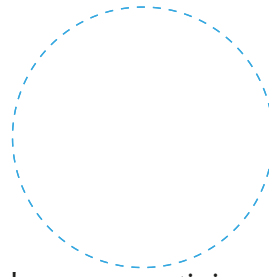
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. 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 and the board met at least once every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors of the company are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for Directors was arranged by the company to apprise Directors of their duties and responsibilities. Two Directors of the company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members who are Non-Executives Directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held atleast once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an Independent Director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of



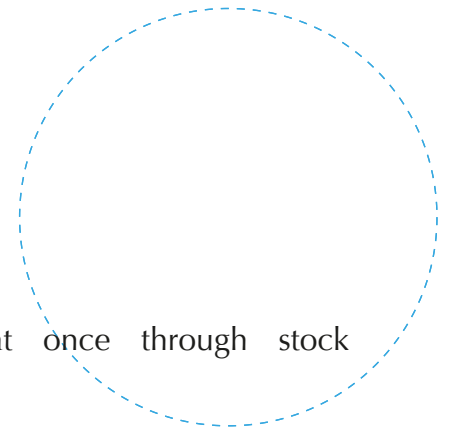
company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market



participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.



On behalf of the Board of Directors

Akbarali Pesnani
Chairman

Karachi: August 23, 2016

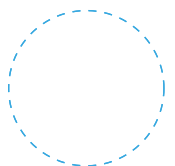
Statement of Compliance with the Best Practices of Transfer Pricing

The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulations of the Stock Exchange.

On behalf of the Board of Directors

Akbarali Pesnani
Chairman

Karachi: August 23, 2016



Review Report

to the Members on Statement of Compliance with the Code of Corporate Governance



Building a better
working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Cherat Packaging Limited (the Company) for the year ended 30 June 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 controls 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Chartered Accountants

Date: August 23, 2016

Place: Karachi

Share Price Sensitivity Analysis

Share price of the Company is directly affected by Company's Performance. Numerous factors impact the Company's performance which ultimately influence share prices. Following are some of the identified factors that influence performance of the Company and henceforth, share price.

Energy Crisis

The current energy crisis directly impact the operations of the Company. Hike in energy rates and volatility of fuel prices effects the financial performance of the Company.

Law & Order

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

Exchange Fluctuation

The Company is directly exposed to exchange rate fluctuations since the major raw materials are imported by the Company. During the current year, exchange rate fluctuation did not materially impact the Company results but lately, the rates have shown an upward trend which may affect the cost of production and hence the Company results.

Plant Operations

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

Material Price Sensitivity

The Company's performance is directly influenced by sensitivity in material prices. There are various raw materials which are used in the production which are locally procured or imported by the Company. Major raw materials are directly influenced by international crude oil and pulp prices and hence affect the financial performance of the Company.

Interest Rates

The Company uses debt financing to finance its increased working capital requirements due to expanded operations; moreover, recent installations of PP plant and machinery were financed by long-term loans. Due to these reasons, the Company is directly affected by any change in interest rates. Any increase in base points by SBP would negatively impact the financial performance of the Company and vice versa.

The Cement and Allied Sector

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

Government Policies

Government Policies impact the whole business arena adversely or otherwise. Any positive or negative decision by the Government like starting mega construction projects and increase in PSDP expenditure would impact the Company's financial performance.

Glossary of Terms

AGM: A mandatory, public yearly gathering of a publicly traded company's executives, directors and interested shareholders.

HS&E: Health, Safety and Environment.

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

Return on Equity (ROE): The value found by dividing the Company's net income by its net assets (ROE measures the amount a company earns on investments).

Current Ratio: The current ratio indicates a company's ability to meet short-term debt obligations.

Acid Test Ratio: The ratio of liquid assets to current liabilities.

Operating Cycle: The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale.

Earnings Per Share: Earnings found by dividing the net income of the Company by the number of shares of common outstanding stock.

Price-Earnings Ratio (P/E): The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Dividend Payout Ratio: The ratio found by dividing the annual dividends per share by the annual earnings per share.

Debt-to-Equity Ratio: The ratio found by dividing total debt by the equity (all assets minus debts) held in stock (This is a measure of financial risk).

IASB: International Accounting Standards Board.

IFRS: International Financial Reporting Standard.

IFRIC: International Financial Reporting Issues Committee.

Amortisation: To charge a regular portion of an expenditure over a fixed period of time.

KIBOR: Karachi Inter Bank Offer Rate.

Spread: Rate charged by the bank over KIBOR.

Gearing Ratio: Compares some form of owner's equity (or capital) to borrow funds.

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

Term: The maturity or length of time until final repayment on a loan, bond, sale or other contractual obligation.

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.

Debt: An amount owed for funds borrowed.

Debt Service: Amount of payment due regularly to meet a debt agreement; usually a monthly, quarterly or annual obligation.

Net Working Capital: Current assets minus current liabilities.

Borrowing Cost: Finance costs that are directly attributable to the construction/acquisition of a qualifying assets and included in the cost of such asset.

Shariah-Compliant Finance/Banking: Facility which meets all of the requirements of Shariah law and the principles articulated for "Islamic Finance".

HR & RC: Human Resource and Remuneration Committee.



Financial *Statements*

- 94 Auditors' Report to the Members
- 95 Balance Sheet
- 96 Profit & Loss Account
- 97 Statement of Comprehensive Income
- 98 Cash Flow Statement
- 99 Statement of Changes in Equity
- 100 Notes to the Financial Statements

Auditors' Report

to the members



EY

Building a better
working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

We have audited the annexed balance sheet of Cherat Packaging Limited (the Company) as at **30 June 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 2.3 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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 2016** and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, 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.

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Date: August 23, 2016

Place: Karachi

Balance Sheet

as at June 30, 2016

Note

		2016	2015
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,649,727	1,382,840
Intangible assets	5	3,859	4,775
		1,653,586	1,387,615
Long-term investments	6	511,999	369,300
Long-term security deposits		8,916	8,916
		2,174,501	1,765,831
CURRENT ASSETS			
Stores, spare parts and loose tools	7	82,909	64,857
Stock-in-trade	8	1,342,482	896,013
Trade debts	9	718,262	819,895
Advances	10	4,149	5,197
Trade deposits and short-term prepayments	11	12,140	6,230
Other receivables	12	231,559	28,733
Taxation – net		101,197	345,049
Cash and bank balances	13	17,515	10,484
		2,510,213	2,176,458
TOTAL ASSETS		4,684,714	3,942,289
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	296,055	275,400
Reserves	15	3,020,236	1,923,565
		3,316,291	2,198,965
NON-CURRENT LIABILITIES			
Long-term financing	16	220,000	660,000
Deferred taxation	17	220,975	156,728
		440,975	816,728
CURRENT LIABILITIES			
Trade and other payables	18	714,568	225,905
Accrued mark-up - conventional banks		8,783	32,798
Short-term borrowings	19	140,195	545,211
Current maturity of long-term financing	16	60,000	120,000
Unclaimed dividend		3,902	2,682
		927,448	926,596
CONTINGENCIES AND COMMITMENTS			
	20		
TOTAL EQUITY AND LIABILITIES		4,684,714	3,942,289

The annexed notes from 1 to 38 form an integral part of these financial statements.



Amer Faruque
Chief Executive



Tariq Faruque
Director

Profit and Loss Account

for the year ended June 30, 2016

	Note	2016	2015
(Rupees in '000)			
Turnover – net	21	6,888,605	6,223,832
Cost of sales	22	(5,306,538)	(4,916,581)
Gross profit		1,582,067	1,307,251
Distribution costs	23	(84,536)	(72,739)
Administrative expenses	24	(48,477)	(40,980)
Other expenses	25	(97,677)	(67,572)
		(230,690)	(181,291)
Other income	26	29,018	6,828
Operating profit		1,380,395	1,132,788
Finance costs	27	(72,404)	(210,153)
Profit before taxation		1,307,991	922,635
Taxation			
Current		(325,505)	(88,256)
Deferred		(64,247)	(182,968)
	28	(389,752)	(271,224)
Net profit for the year		918,239	651,411
Earnings per share – basic and diluted	29	Rs. 31.55	(Restated) Rs. 22.89

The annexed notes from 1 to 38 form an integral part of these financial statements.



Amer Faruque
Chief Executive



Tariq Faruque
Director

Statement of Comprehensive Income

for the year ended June 30, 2016

	2016	2015
	(Rupees in '000)	
Net profit for the year	918,239	651,411
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Unrealised gain on available-for-sale securities	138,079	253,369
Items that may not be reclassified subsequently to profit and loss account		
Actuarial gain on defined benefit plan	4,730	19,103
	142,809	272,472
Total comprehensive income for the year	1,061,048	923,883

The annexed notes from 1 to 38 form an integral part of these financial statements.



Amer Faruque
Chief Executive



Tariq Faruque
Director

Cash Flow Statement

for the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,307,991	922,635
Adjustments for:			
Depreciation	4.1.3	114,509	92,040
Amortization	5.1	916	916
Gain on disposal of operating property, plant and equipment	4.1.4	(395)	(842)
Gain on short-term investments		(5,563)	-
Dividend income	26	(16,973)	(487)
Finance costs	27	72,404	210,153
		164,898	301,780
		1,472,889	1,224,415
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(18,052)	(4,909)
Stock-in-trade		(446,469)	209,911
Trade debts		101,633	(160,147)
Loans and advances		1,048	2,002
Trade deposits and short-term prepayments		(5,910)	1,606
Other receivables		(198,096)	54,628
		(565,846)	103,091
Increase / (decrease) in current liabilities:			
Trade and other payables		488,663	(58,772)
Cash generated from operations		1,395,706	1,268,734
Income tax paid		(81,653)	(61,407)
Long-term loans		-	167
Net cash generated from operating activities		1,314,053	1,207,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4.1.1	(382,570)	(21,224)
Proceeds from sale of operating property, plant and equipment	4.1.4	1,569	1,655
Long-term investments made during the year		(4,620)	(100,000)
Short-term investments redeemed during the year		5,563	-
Dividend received		16,973	487
Net cash used in investing activities		(363,085)	(119,082)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		(500,000)	(80,000)
Short-term borrowings		(405,016)	(676,539)
Proceeds from issuance of right shares		282,795	-
Finance costs paid		(96,419)	(230,266)
Dividend paid		(225,297)	(109,614)
Net cash used in financing activities		(943,937)	(1,096,419)
Net increase / (decrease) in cash and cash equivalents		7,031	(8,007)
Cash and cash equivalents as at the beginning of the year		10,484	18,491
Cash and cash equivalents as at the end of the year	13	17,515	10,484

The annexed notes from 1 to 38 form an integral part of these financial statements.



Amer Faruque
Chief Executive



Tariq Faruque
Director

Statement of Changes in Equity

for the year ended June 30, 2015

	Issued, Subscribed and Paid-up Capital	RESERVES					Sub-total	TOTAL
		CAPITAL RESERVE	REVENUE RESERVES					
		Share premium	General reserve	Un- appropriated profit	Actuarial gain on gratuity fund			
(Rupees in '000)								
Balance as at July 01, 2014	275,400	283,174	180,000	633,357	1,477	11,834	1,109,842	1,385,242
Final cash dividend for the year ended June 30, 2014 @ Rs. 2.00/- per share	-	-	-	(55,080)	-	-	(55,080)	(55,080)
Interim cash dividend for the year ended June 30, 2015 @ Rs. 2.00/- per share	-	-	-	(55,080)	-	-	(55,080)	(55,080)
Net profit for the year	-	-	-	651,411	-	-	651,411	651,411
Other comprehensive income	-	-	-	-	19,103	253,369	272,472	272,472
Total comprehensive income	-	-	-	651,411	19,103	253,369	923,883	923,883
Balance as at June 30, 2015	275,400	283,174	180,000	1,174,608	20,580	265,203	1,923,565	2,198,965
Balance as at July 01, 2015	275,400	283,174	180,000	1,174,608	20,580	265,203	1,923,565	2,198,965
Final cash dividend for the year ended June 30, 2015 @ Rs. 5.00/- per share	-	-	-	(137,700)	-	-	(137,700)	(137,700)
Interim cash dividend for the year ended June 30, 2016 @ Rs. 3.00/- per share	-	-	-	(88,817)	-	-	(88,817)	(88,817)
Issuance of right shares @ 7.5% (i.e. 7.5 shares for every 100 shares held)	20,655	268,515	-	-	-	-	268,515	289,170
Shares issue cost	-	(6,375)	-	-	-	-	(6,375)	(6,375)
Net profit for the year	-	-	-	918,239	-	-	918,239	918,239
Other comprehensive income	-	-	-	-	4,730	138,079	142,809	142,809
Total comprehensive income	-	-	-	918,239	4,730	138,079	1,061,048	1,061,048
Balance as at June 30, 2016	296,055	545,314	180,000	1,866,330	25,310	403,282	3,020,236	3,316,291

The annexed notes from 1 to 38 form an integral part of these financial statements.



Amer Faruque
Chief Executive



Tariq Faruque
Director

Notes to the *Financial Statements*

for the year ended June 30, 2016

1. THE COMPANY AND ITS OPERATIONS

Cherat Packaging Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1989. Its main business activity is manufacturing, marketing and sale of paper sacks and polypropylene bags. The Company is listed on Pakistan Stock Exchange (formerly on Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for certain investments that have been measured at fair value.

2.3 New and amended standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards which became effective for the current year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Equity Method in Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

2.4 Standards and amendments to approved accounting standards that are not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

Standard	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018

Standard	Effective date (annual periods beginning on or after)
IFRS 7 – Financial Instruments: Disclosures – Disclosure Initiative – (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)	Not yet finalized
IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2017
IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by the 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 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Lease	01 January 2019

2.5 Significant accounting estimates and judgments

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

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

2.5.1 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.

2.5.2 Property, plant and equipment

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

2.5.3 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. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to profit and loss account.

2.5.4 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned assets

Property, plant and equipment except leasehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Leasehold land and capital work-in-progress are stated at cost. Depreciation is charged to income applying the reducing balance method except for computers, which are depreciated by using the straight-line method, at the rates mentioned in note 4.1.1 to the financial statements.

Maintenance and repairs are charged to income 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 operating property, plant and equipment, if any, are recognized in the profit and loss account.

The carrying values of property, plant and equipment are reviewed for impairment 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.

Depreciation is charged from the month of the year in which addition / capitalization occurs while no depreciation is charged in the month in which an asset is disposed off.

3.2 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible asset.

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method when assets are available for use. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

3.3 Investments

3.3.1 Joint Venture

The Company has interest in a jointly controlled entity. The Company combines its share and recognises its interest in the joint venture using the equity method. Under equity method, the investment in joint venture is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net

assets of the joint venture. Profit and loss account reflects the share of the results of operations of joint venture.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in joint venture. The Company determines at each reporting date whether there is any objective evidence that the investment in joint venture is impaired. If this is the case the Company calculates the amount of impairment loss as the difference between the recoverable amount of joint venture and their carrying value and recognises the amount in the profit and loss account.

Financial statements of joint venture are prepared for same reporting period as that of the Company, using consistent accounting policies in line with that of the Company.

3.3.2 Available-for-sale securities

These are non-derivative financial assets which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or changes in interest rates.

These investments are initially measured at fair value plus transaction costs and subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other income, and removed from the available-for-sale reserve.

3.3.3 Designated through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to profit and loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the profit and loss account in the period in which they arise.

3.4 Stores, spare parts and loose tools

These are valued at lower of cost and NRV. Cost is determined on weighted average basis less provision for obsolete and slow moving items except for items in transit which are stated at invoice value plus other charges incurred thereon.

The Company reviews the carrying amount of stores, spare parts and loose tools on an annual basis and provision is made for obsolescence.

NRV represents estimated selling prices in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.5 Stock-in-trade

3.5.1 Raw materials

Raw materials are valued at the lower of weighted average cost and NRV.

Cost signifies purchase cost and other direct expenses.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.5.2 Finished goods

Finished goods are valued at lower of weighted average cost and NRV.

3.6 Trade debts

Trade debts are recognized at invoice value less provision for uncollectible amounts. Provision for doubtful debts is based on management's assessment of customer's credit worthiness. Bad debts are written-off when there is no realistic prospect of recovery.

3.7 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.

3.8 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

3.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in balance sheet 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. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.10 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Pakistani Rupees at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.11 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.12 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable.

3.12.1 Sale of goods

Revenue from sales is recognized upon passage of title to the customers which generally coincides with physical delivery.

3.12.2 Other income

Profit on bank accounts is recognised on accrual basis.

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

Other revenues are accounted for on accrual basis.

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 past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised 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 balance sheet date and adjusted to reflect the current best estimate.

3.15 Taxation

3.15.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

3.15.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. 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.

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 balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

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; and
- Receivables or payables that are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.16 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 out in the period they

occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.17 Impairment

The carrying values of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.18 Related party transactions

Transactions with related parties are carried out on commercial terms, as approved by the Board, substantiated as given in note 32 to the financial statements.

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.

3.20 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Operating property, plant and equipment	4.1	1,616,160	1,382,663
Capital work-in-progress	4.2	33,567	177
		<u>1,649,727</u>	<u>1,382,840</u>

4.1 Operating property, plant and equipment

4.1.1 Following is a statement of operating property, plant and equipment:

2016 Description	COST				DEPRECIATION				Book Value as at June 30, 2016	Depreciation rate % per annum
	As at July 01, 2015	Additions during the year (4.1.1.1)	Disposals / write-offs during the year	As at June 30, 2016	As at July 01, 2015	Adjustment on disposals / write-offs	For the year	As at June 30, 2016		
(Rupees in '000)										
Leasehold land	16,431	19,317	-	35,748	-	-	-	-	35,748	-
Building on leasehold land	176,465	38,185	-	214,650	65,101	-	11,487	76,588	138,062	5-10
Plant and machinery (Note 4.1.1.2)	1,522,087	261,232	-	1,783,319	362,415	-	88,753	451,168	1,332,151	7.5
Power and other installations	47,951	18,997	(156)*	66,792	13,513	(156)*	3,530	16,887	49,905	10
Furniture and fittings	8,535	754	(837)*	8,452	3,759	(837)*	801	3,723	4,729	5-10
Vehicles	52,383	7,861	(4,162)	56,082	25,514	(2,988)	6,145	28,671	27,411	20
Equipment	42,622	2,549	(394)*	44,777	15,052	(394)*	2,882	17,540	27,237	10
Computers	7,654	285	(180)*	7,759	6,111	(180)*	911	6,842	917	33.33
	<u>1,874,128</u>	<u>349,180</u>	<u>(5,278) (1,567)*</u>	<u>2,217,579</u>	<u>491,465</u>	<u>(2,988) (1,567)*</u>	<u>114,509</u>	<u>601,419</u>	<u>1,616,160</u>	

2015 Description	COST				DEPRECIATION				Book Value as at June 30, 2015	Depreciation rate % per annum
	As at July 01, 2014	Additions during the year	Disposals during the year	As at June 30, 2015	As at July 01, 2014	Adjustment on disposals	For the year	As at June 30, 2015		
(Rupees in '000)										
Leasehold land	16,431	-	-	16,431	-	-	-	-	16,431	-
Building on leasehold land	174,363	2,102	-	176,465	53,026	-	12,075	65,101	111,364	5-10
Plant and machinery	1,516,499	5,588	-	1,522,087	295,835	-	66,580	362,415	1,159,672	5-7.5
Power and other installations	47,951	-	-	47,951	9,687	-	3,826	13,513	34,438	10
Furniture and fittings	7,619	916	-	8,535	3,323	-	436	3,759	4,776	5-10
Vehicles	44,906	11,280	(3,803)	52,383	23,197	(2,990)	5,307	25,514	26,869	20
Equipment	42,120	502	-	42,622	12,060	-	2,992	15,052	27,570	10
Computers	6,674	980	-	7,654	5,287	-	824	6,111	1,543	33.33
	1,856,563	21,368	(3,803)	1,874,128	402,415	(2,990)	92,040	491,465	1,382,663	

4.1.1.1 Included herein are Rs. 38.185 million, Rs. 259.132 million and Rs. 18.997 million in respect of building on leasehold land, plant and machinery and power and other installations respectively, pertaining to new polypropylene line.

4.1.1.2 During the year, the Company has reviewed the useful economic life of plant and machinery and as a result, the rate of depreciation of Polypropylene plant and machinery has been changed from 5% to 7.5% per annum with effect from July 01, 2015. The revision was accounted for prospectively as a change in accounting estimate. Had the change in estimate not been made, the depreciation charge for the year would have been lower by Rs. 24.66 million and the carrying value of the fixed assets and profit before tax would have been higher by the same amount.

4.1.2 Reconciliation of book value:

Note	2016	2015
	(Rupees in '000)	
Book value as at the beginning of the year	1,382,663	1,454,148
Additions during the year	349,180	21,368
Depreciation for the year	(114,509)	(92,040)
Disposals during the year at book value	4.1.4 (1,174)	(813)
Book value as at the end of the year	<u>1,616,160</u>	<u>1,382,663</u>

4.1.3 The depreciation charge for the year has been allocated to:

Cost of sales	22	113,054	91,079
Distribution costs	23	411	490
Administrative expenses	24	1,044	471
		<u>114,509</u>	<u>92,040</u>

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

Description	Cost	Book value	Sales proceeds	Gain (Note 26)	Mode of disposal	Particulars of buyer
(Rupees in '000)						
Vehicle						
Suzuki Cultus AWD-037	927	328	712	384	Tender	Mr. Manzoor Ali Vighio – outside party (Karachi)
Honda City PV-173	1,337	366	366	-	Employee car scheme	Mr. Qamar Nisar Anjum – Employee
Suzuki Mehran PW-632	515	137	137	-	Employee car scheme	Mr. Ehsan ur Rehman – Employee
Suzuki Mehran PW-634	520	138	138	-	Employee car scheme	Mr. Fahad Ashraf –Employee
Suzuki Cultus ARW-529	863	205	216	11	Employee car scheme	Mr. Khalid Pervaiz –Employee
2016	4,162	1,174	1,569	395		
2015	3,803	813	1,655	842		

4.2 Movement of capital work-in-progress

Description	Civil works	Plant and machinery	Power and other installations	Vehicles	Factory equipment	Total
(Rupees in '000)						
Balance as at July 01, 2014	-	-	321	-	-	321
Transferred to operating property, plant and equipment	-	-	(144)	-	-	(144)
Balance as at June 30, 2015	-	-	177	-	-	177
Capital expenditure incurred / advances made during the year	62,888	261,232	15,578	4,980	816	345,494
Transferred to operating property, plant and equipment	(38,185)	(261,232)	(11,871)	-	(816)	(312,104)
Balance as at June 30, 2016	24,703	-	3,884	4,980	-	33,567

5. INTANGIBLE ASSETS

Description	COST				AMORTIZATION				Book Value as at June 30,	Amortization Rate % per annum
	As at July 01,	Additions during the year	Disposals during the year	As at June 30	As at July 01	Adjustment on disposals	For the year	As at June 30		
(Rupees in '000)										
2016 ERP System	9,161	-	-	9,161	4,386	-	916	5,302	3,859	10
2015 ERP System	9,161	-	-	9,161	3,470	-	916	4,386	4,775	10

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

	Note	2016	2015
		(Rupees in '000)	
Cost of sales	22	684	684
Administrative expenses	24	232	232
		<u>916</u>	<u>916</u>

6. LONG-TERM INVESTMENTS

Investment in related parties

Available-for-sale securities
Interest in a Joint Venture

Note	2016	2015
(Rupees in '000)		
6.1	507,379	369,300
6.2	4,620	-
	<u>511,999</u>	<u>369,300</u>

6.1 Available-for-sale securities

Cherat Cement Company Limited
4,243,362 (June 30, 2015: 4,243,362) Ordinary shares of Rs.
10/- each

507,379	369,300
---------	---------

6.2 Interest in a Joint Venture

Represents 462,000 shares representing 4.62% interest in UniEnergy Limited (UEL), a public unlisted Company. UEL is formed for the generation and transmission of wind power, however, it has not yet started commercial operations.

7. STORES, SPARE PARTS AND LOOSE TOOLS

Stores
Spare parts
Loose tools

Note	2016	2015
(Rupees in '000)		
	5,795	4,236
	77,079	60,605
	35	16
	<u>82,909</u>	<u>64,857</u>

8. STOCK-IN-TRADE

Raw material
In hand
In bonded warehouse
In transit

Work-in-process
Finished goods
Polypropylene scrap goods

701,723	460,362
48,706	132,056
445,042	150,792
<u>1,195,471</u>	<u>743,210</u>
25,151	35,186
120,992	116,295
868	1,322
<u>1,342,482</u>	<u>896,013</u>

9. TRADE DEBTS – unsecured

Considered good
Considered doubtful

Less: Provision for doubtful debts

9.1	718,262	819,895
	17,966	17,966
	<u>736,228</u>	<u>837,861</u>
	17,966	17,966
	<u>718,262</u>	<u>819,895</u>

9.1 Trade receivables are non-interest bearing and are generally on 30 days term. Aging analysis of trade debts is as follows:

Note	2016	2015
(Rupees in '000)		
	523,096	545,573
	195,166	274,322
	<u>718,262</u>	<u>819,895</u>

10. ADVANCES – unsecured, considered good

Suppliers
Letters of credit

	2,905	4,671
	1,244	526
10.1	<u>4,149</u>	<u>5,197</u>

10.1 These advances are interest free.

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2016	2015
(Rupees in '000)			
Trade deposit – earnest money	11.1	6,961	2,610
Short-term prepayments			
Insurance		2,627	2,073
Rent		900	1,500
Others		1,652	47
		5,179	3,620
		12,140	6,230

11.1 These deposits are interest free.

12. OTHER RECEIVABLES

Gratuity fund	12.1	24,765	19,365
Provident fund	12.2	-	-
Sales tax adjustable		206,108	-
Claim receivable		-	2,122
Duty drawback		-	5,994
Others		686	1,252
		231,559	28,733

12.1 Gratuity fund

Defined benefit plan

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2016.

	2016	2015
(Rupees in '000)		
Gratuity fund asset:		
Present value of defined benefit obligations	(50,363)	(39,830)
Fair value of plan assets	75,128	59,195
Asset recognized in the balance sheet	24,765	19,365
Current service cost	(3,313)	(2,050)
Interest cost	(3,882)	(4,216)
Expected return on plan assets	6,865	3,739
Expense recognized	(330)	(2,527)
Movement in the asset / (liability) in balance sheet:		
Balance as at July 01	19,365	(211)
Net charge for the year	(330)	(2,527)
Re-measurement chargeable in other comprehensive income	4,730	19,103
Contributions	1,000	3,000
Balance as at June 30	24,765	19,365
Movement in the present value of defined benefit obligation:		
Balance as at July 01	(39,830)	(31,226)
Current service cost	(3,313)	(2,050)
Interest cost	(3,882)	(4,216)
Actuarial losses	(3,338)	(2,338)
Balance as at June 30	(50,363)	(39,830)

Movement in the fair value of plan assets:

	2016	2015
	(Rupees in '000)	
Balance as at July 01	(59,195)	(31,015)
Expected return	(6,865)	(3,739)
Contributions	(1,000)	(3,000)
Actuarial gain	(8,068)	(21,441)
Balance as at June 30	(75,128)	(59,195)

Principal actuarial assumptions used are as follows:

	(Percentage)	
Expected rate of increase in salary level	9.50	9.50
Valuation discount rate	7.25	9.75
Rate of return on plan assets	7.25	9.75

Comparisons for past years:

As at June 30	2016	2015	2014	2013	2012
	(Rupees in '000)				
Present value of defined benefit obligations	(50,363)	(39,830)	(31,226)	(32,361)	(24,934)
Fair value of plan assets	75,128	59,195	31,015	25,711	16,839
Surplus / (deficit)	24,765	19,365	(211)	(6,650)	(8,095)
Experience adjustment on plan liabilities	(3,338)	(2,338)	(513)	(2,873)	(429)
Experience adjustment on plan assets	8,068	21,441	6,263	3,473	818
	4,730	19,103	5,750	600	389

Composition of plan assets are as follows:

	2016	2015
	(Rupees in '000)	
Special Saving Certificates and Pakistan Investment Bonds	16,468	9,975
Mutual Funds / Shares	58,057	48,131
Bank balances	603	1,089
	75,128	59,195

The expected return on plan assets was 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 return on plan assets during the year 2016 amounts to Rs. 14.93 million (2015: Rs. 25.18 million).

12.2 Provident fund

	2016	2015
	(Rupees in '000)	
Size of the trust	139,483	110,235
Cost of investments made	114,739	89,437
Fair value of investments	137,595	109,743
	(Percentage)	
Percentage of investment made	98.65	99.55

The major categories of investment are as follows:

	2016	2015
	(Rupees in '000)	
Government securities	70,713	53,874
Short-term deposits	7,820	2,832
Others	59,062	53,037
	<u>137,595</u>	<u>109,743</u>

Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

13. CASH AND BANK BALANCES

	Note	2016	2015
		(Rupees in '000)	
With banks:			
Islamic banks			
Current accounts		9,409	1,662
Conventional banks			
Current accounts		7,219	6,748
Saving accounts	13.1	691	1,780
		<u>7,910</u>	<u>8,528</u>
		<u>17,319</u>	<u>10,190</u>
Cash in hand		196	294
		<u>17,515</u>	<u>10,484</u>

13.1 These carry effective profit rate of 4% (2015: 5%) per annum.

14. SHARE CAPITAL

14.1 Authorised capital

2016	2015		2016	2015
Number of shares			(Rupees in '000)	
<u>40,000,000</u>	<u>40,000,000</u>	Ordinary shares of Rs. 10/- each	<u>400,000</u>	<u>400,000</u>

14.2 Issued, subscribed and paid-up capital

2016	2015		2016	2015
Number of shares			(Rupees in '000)	
		Fully paid ordinary shares of Rs. 10/- each		
20,145,000	20,145,000	- Issued fully paid in cash	201,450	201,450
<u>7,395,000</u>	<u>7,395,000</u>	- Issued as fully paid bonus shares	<u>73,950</u>	<u>73,950</u>
27,540,000	27,540,000	- Balance at the beginning of the year	275,400	275,400
<u>2,065,500</u>	-	- Right shares issued during the year	<u>20,655</u>	-
<u>29,605,500</u>	<u>27,540,000</u>		<u>296,055</u>	<u>275,400</u>

Following is the detail of shares held by the related parties:

	2016	2015
	(Number of shares)	
Faruque (Private) Limited	2,952,101	2,723,512
Cherat Cement Company Limited	2,055,308	1,772,380
Mirpurkhas Sugar Mills Limited	1,469,933	1,367,380
Greaves Pakistan (Private) Limited	1,487,026	1,383,280
	<u>7,964,368</u>	<u>7,246,552</u>

15. RESERVES

Note	2016	2015
	(Rupees in '000)	
Capital reserve		
Share premium	545,314	283,174
Revenue reserve		
General reserve	180,000	180,000
Unappropriated profit	1,866,330	1,174,608
Actuarial gain on gratuity fund	25,310	20,580
Unrealised gain on available for sale securities	403,282	265,203
	<u>2,474,922</u>	<u>1,640,391</u>
	<u>3,020,236</u>	<u>1,923,565</u>

16. LONG-TERM FINANCING – secured

Islamic banks

Fixed Assets Refinance Loan		-	280,000
-----------------------------	--	---	---------

Conventional banks

Fixed Assets Refinance Loan – Tranche I	16.1	80,000	100,000
Fixed Assets Refinance Loan – Tranche II	16.1	-	200,000
Fixed Assets Refinance Loan	16.2	200,000	200,000
		<u>280,000</u>	<u>780,000</u>
Less: Current maturity		(60,000)	(120,000)
		<u>220,000</u>	<u>660,000</u>

16.1 Represents a long-term loan obtained from a conventional bank for the import of Polypropylene Plant amounting to Rs. 300 million. The loan carries mark-up at the rate of 6 months KIBOR plus 0.6% per annum. The loan was drawn in two tranches of Rs. 100 million as tranche I and Rs. 200 million as tranche II. The loan is repayable in 10 equal semi-annual installments commenced after 30 months from first drawdown of the facility i.e., from December 2015 (tranche I) & February 2016 (tranche II). The loan is secured by way of first pari-passu hypothecation charge of Rs. 400 million over all present and future plant and machinery of the Company. In view of better liquidity position, the Company has fully repaid tranche II of the loan during the year.

16.2 Represents a long-term loan obtained from a conventional bank for the import of Polypropylene Plant amounting to Rs. 200 million. The loan carries mark-up at the rate of 6 months KIBOR plus 0.6% per annum. The loan is repayable in 10 equal semi-annual installments commencing after 30 months from first drawdown of the facility i.e., from July 2016. The loan is secured by way of first pari-passu hypothecation charge of Rs. 267 million over specific plant and machinery of the Company.

17. DEFERRED TAXATION

Note	2016	2015
	(Rupees in '000)	
Accelerated tax depreciation	220,975	156,728

18. TRADE AND OTHER PAYABLES

Creditors		39,269	36,654
Bills payable		519,279	60,731
Accrued liabilities		55,182	56,631
Workers' Profits Participation Fund	18.1	70,034	49,356
Workers' Welfare Fund	18.2	29,210	21,745
Retention money		1,594	788
		<u>714,568</u>	<u>225,905</u>

18.1 Workers' Profits Participation Fund

	Note	2016	2015
(Rupees in '000)			
Opening balance		49,356	14,436
Interest thereon	27	212	240
		<u>49,568</u>	<u>14,676</u>
Payments during the year		(49,568)	(14,676)
		<u>-</u>	<u>-</u>
Charge for the year	25	70,034	49,356
Closing balance		<u>70,034</u>	<u>49,356</u>

18.2 As per Workers' Welfare Fund (WWF) Ordinance, 1971, WWF was chargeable @ 2% of the taxable income. The Government through Finance Acts 2006 & 2008 amended the WWF Ordinance, 1971, where by the term 'total income' shall be considered as profit before taxation as per declaration of income in the return or as per accounts, whichever is higher. These amendments were challenged by the Company in the Honourable Peshawar High Court. During the year 2013-14, the Honourable Peshawar High Court declared the impugned levy of contribution introduced in the WWF Ordinance, 1971 through the Finance Acts 2006 and 2008 as illegal and "ultra vires" as it lacks the essential mandate to be introduced and passed through a Money Bill under the Constitution. However, the Honourable Sindh High Court had earlier decided the same matter against the tax payers. This case is now in the Honourable Supreme Court of Pakistan for final adjudication.

As the Honourable Peshawar High Court has concerned jurisdiction in this case, WWF charge for the current year is based on the decision of the Honourable Peshawar High Court. Moreover, as a matter of prudence, an amount of Rs. 35.22 million pertaining to prior years has not been reversed which may be reconsidered after evaluating future legal development in this case.

19. SHORT-TERM BORROWINGS – secured

	Note	2016	2015
(Rupees in '000)			
Conventional banks			
Short-term running finances	19.1	140,195	28,430
Money market loans	19.1	-	328,000
Export refinance scheme		-	54,143
		<u>140,195</u>	<u>410,573</u>
Islamic banks			
Istisna'a and Murabaha	19.2	-	134,638
		<u>140,195</u>	<u>545,211</u>

19.1 These facilities are obtained from various conventional banks amounting to Rs. 2,475 million (2015: Rs. 2,275 million) out of which Rs. 2,334.81 million (2015: Rs. 1,864.43 million) remains unutilized at the year end. These facilities are secured against registered pari-passu hypothecation charge over stocks and book debts for Rs. 3,369 million and hypothecation charge of Rs. 140 million on all present and future plant and machinery of the Company. These facilities carry mark-up of 1 and 3 months' KIBOR plus spread ranging from 0.5% to 1.25% (2015: 1 and 3 months' KIBOR plus spread ranging from 0.5% to 1.75%) per annum.

19.2 Represent facilities obtained from various Islamic banks amounting to Rs. 900 million (2015: Rs. 600 million) which remains unutilized (2015: Rs. 465.36 million) at the year end. These facilities are secured against registered pari-passu hypothecation charge over stocks and book debts for Rs. 1,200.33 million.

20. CONTINGENCIES AND COMMITMENTS

	2016	2015
(Rupees in '000)		
20.1 Outstanding letter of guarantees – conventional banks	<u>47,000</u>	<u>31,600</u>
20.2 Outstanding letters of credit – conventional banks	<u>334,996</u>	<u>653,474</u>
20.3 Duties payable on bonded stock	<u>7,254</u>	<u>19,137</u>

21. TURNOVER – net

Note

	2016	2015
	(Rupees in '000)	
Local sales	7,857,775	7,093,677
Less: Sales tax	1,141,968	1,030,913
	<u>6,715,807</u>	<u>6,062,764</u>
Less: Discounts & volume rebates	175,986	116,395
Net local sales	<u>6,539,821</u>	<u>5,946,369</u>
Export sales	348,784	277,463
	<u>6,888,605</u>	<u>6,223,832</u>

22. COST OF SALES

Raw material consumed

Opening stock

Purchases

Closing stock

Duty drawback on export

Manufacturing overheads

Salaries, wages and benefits

Stores, spare parts and loose tools consumed

Fuel and power

Packing charges

Rent, rates and taxes

Repairs and maintenance

Depreciation

Amortization

Insurance

General office expenses

Vehicle running expenses

Travelling and conveyance

Communication expenses

Printing and stationery

Legal and professional charges

Freight and cartage

Subscription

Stores and spares parts – written off

Others

Work-in-process:

Opening stock

Closing stock

Polypropylene scrap goods:

Opening stock

Closing stock

Sales

Cost of goods manufactured

Finished goods:

Opening stock

Closing stock

	460,362	544,439
	4,876,176	4,252,105
	<u>5,336,538</u>	<u>4,796,544</u>
8	(701,723)	(460,362)
	<u>4,634,815</u>	<u>4,336,182</u>
	(1,690)	(3,486)
	<u>4,633,125</u>	<u>4,332,696</u>
22.1	231,461	204,221
	41,222	31,481
	159,760	151,622
	102,312	83,536
	453	557
	1,980	2,589
4.1.3	113,054	91,079
5.1	684	684
	25,349	23,582
	157	113
	4,882	4,230
	5,407	4,510
	3,864	1,768
	441	546
	9,053	6,310
	2,352	1,423
	496	1,775
	266	89
	2,308	1,473
	<u>705,501</u>	<u>611,588</u>
	<u>5,338,626</u>	<u>4,944,284</u>
8	35,186	48,167
	(25,151)	(35,186)
	<u>10,035</u>	<u>12,981</u>
8	1,322	568
	(868)	(1,322)
	(37,880)	(34,792)
	<u>(37,426)</u>	<u>(35,546)</u>
	<u>5,311,235</u>	<u>4,921,719</u>
8	116,295	111,157
	(120,992)	(116,295)
	(4,697)	(5,138)
	<u>5,306,538</u>	<u>4,916,581</u>

22.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 4.51 million and Rs. 0.28 million (2015: Rs. 3.94 million and Rs. 1.75 million) respectively.

23. DISTRIBUTION COSTS

	Note	2016	2015
(Rupees in '000)			
Salaries and benefits	23.1	10,201	8,519
Travelling and conveyance		3,403	5,362
Vehicle running expenses		1,272	812
Repair and maintenance		48	79
Communication expenses		693	659
Rent, rates and taxes		226	46
Insurance		1,517	1,397
Printing and stationery		1,423	1,284
Depreciation	4.1.3	411	490
Freight and cartage		56,133	47,706
Export expenses		8,812	6,232
Others		397	153
		84,536	72,739

23.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 0.36 million and Rs. 0.02 million (2015: Rs. 0.26 million and Rs. 0.28 million) respectively.

24. ADMINISTRATIVE EXPENSES

	Note	2016	2015
(Rupees in '000)			
Salaries and benefits	24.1	29,135	23,925
Directors' fee		2,520	1,225
Travelling and conveyance		1,371	1,725
Vehicle running expenses		1,302	977
Communication expenses		2,455	3,663
Printing and stationery		1,569	1,480
Rent, rates and taxes		1,349	1,156
Legal and professional charges		3,468	2,411
Insurance		1,265	1,121
Subscription		1,368	1,449
Advertisement		703	293
Depreciation	4.1.3	1,044	471
Amortization	5.1	232	232
Repairs and maintenance		199	451
General office expenses		255	184
Utilities		213	210
Others		29	7
		48,477	40,980

24.1 Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 0.55 million and Rs. 0.03 million (2015: Rs. 0.46 million and Rs. 0.50 million) respectively.

25. OTHER EXPENSES

	Note	2016	2015
(Rupees in '000)			
Auditors' remuneration	25.1	1,838	1,948
Donations	25.2	3,145	1,150
Workers' Profits Participation Fund	18.1	70,034	49,356
Workers' Welfare Fund		22,660	15,118
		<u>97,677</u>	<u>67,572</u>
25.1 Auditors' remuneration			
Audit fee		650	600
Half yearly review and CCG certification		330	310
Tax and other corporate services		738	854
Out of pocket expenses		120	184
		<u>1,838</u>	<u>1,948</u>

25.2 Recipients of donations do not include any donee in which any Director or his spouse had any interest.

26. OTHER INCOME

	Note	2016	2015
(Rupees in '000)			
Income from financial assets			
Profit on bank accounts – Conventional banks		354	389
Dividend income from a related party – Cherat Cement Company Limited		16,973	487
		<u>17,327</u>	<u>876</u>
Income from non-financial assets			
Gain on sale of operating property, plant and equipment	4.1.4	395	842
Gain on redemption of short-term investments		5,563	-
Scrap sales		5,733	5,110
		<u>29,018</u>	<u>6,828</u>

27. FINANCE COSTS

Islamic banks

Mark-up on long-term financing	11,580	32,059
Bank charges and duties	518	364
	<u>12,098</u>	<u>32,423</u>

Conventional banks

Mark-up on long-term financing	35,831	51,290	
Mark-up on short-term borrowings	23,124	124,996	
Guarantee commission	412	434	
Bank charges and duties	727	770	
	<u>60,094</u>	<u>177,490</u>	
	72,192	209,913	
Interest on Workers' Profits Participation Fund	18.1	212	240
	<u>72,404</u>	<u>210,153</u>	

28. TAXATION

The assessments of the Company for and upto the tax year 2015 have been completed or deemed to be assessed.

	Note	2016	2015
		(Rupees in '000)	
Reconciliation between tax expense and accounting profit			
Accounting profit for the year before taxation		1,307,991	922,635
Tax at applicable rate of 32% (2015: Rate 33%)		418,557	304,469
Super tax		36,304	24,011
		454,861	328,480
Tax effects of:			
- Expenses that are inadmissible in determining taxable income – net		60,033	64,453
- Unabsorbed tax losses		-	(27,716)
- Allocation of ratio of revenue chargeable under FTR and non-FTR		(151,647)	(88,940)
- Turnover tax adjustment		-	(141,420)
- Tax credits		(37,742)	(46,601)
- Deductible temporary differences – net		64,247	182,968
		389,752	271,224

29. EARNINGS PER SHARE

Profit after taxation (Rupees '000)		918,239	651,411
Weighted average number of ordinary shares in issue		29,108,354	28,461,126 (Restated)
Basic earnings per share	29.1	Rs. 31.55	Rs. 22.89

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

30. 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 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, credit risk, 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 reviews policies for managing each of these risks which are summarized below:

30.1 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.

30.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. Borrowings of the Company are substantially

obtained in the functional currency. The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	(Increase) /decrease in basis points	Effect on profit before tax (Rupees in '000)
2016		
KIBOR	+200	(8,404)
KIBOR	-200	8,404
2015		
KIBOR	+200	(26,504)
KIBOR	-200	26,504

30.1.2 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).

	2016	2015
	(Rupees in '000)	
Bills payable – Euro	(3,900)	(563)
– US Dollar	(582)	-
Trade debts – Euro	670	51
– US Dollar	101	4

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

	(Rupees)	
Exchange rates – Euro	116.31	113.79
– US Dollar	104.70	101.70

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 rate, with all other variables held constant, of the Company's equity.

	Change in rate (%)	(Rupees in '000)
30 June 2016-Euro	+10	(37,568)
	- 10	37,568
30 June 2016-US Dollar	+10	(5,036)
	- 10	5,036
30 June 2015-Euro	+10	(5,826)
	- 10	5,826
30 June 2015-US Dollar	+10	41
	- 10	(41)

30.1.3 Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all major equity instrument decisions.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 507.38 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 50.74 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact equity with the similar amount.

30.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Aging analysis of trade debts is disclosed in note 9.1 to the financial statements. The Company has a strong credit control system and the Board of Directors reviews credit position on a regular basis.

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.

30.2.1 Credit quality of financial assets

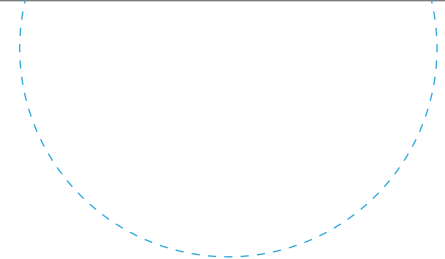
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2016	2015
	(Rupees in '000)	
Long-term investment		
A	507,379	369,300
Trade debts		
Customers with no defaults in the past one year	718,262	819,895
Bank balances		
A1+	11,158	9,533
A	6,357	657
	17,515	10,190

30.3 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 summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.



	2016					2015				
	INTEREST BEARING			NON-INTEREST BEARING	Total	INTEREST BEARING			NON-INTEREST BEARING	Total
	Less than one year	One to five years	Total			Less than one year	One to five years	Total		
(Rupees in '000)										
Long-term financing	60,000	220,000	280,000	-	280,000	120,000	660,000	780,000	-	780,000
Trade and other payables	-	-	-	615,324	615,324	-	-	-	154,804	154,804
Unclaimed dividend	-	-	-	3,902	3,902	-	-	-	2,682	2,682
Accrued mark-up	-	-	-	8,783	8,783	-	-	-	32,798	32,798
Short-term borrowings	140,195	-	140,195	-	140,195	545,211	-	545,211	-	545,211
	<u>200,195</u>	<u>220,000</u>	<u>420,195</u>	<u>628,009</u>	<u>1,048,204</u>	<u>665,211</u>	<u>660,000</u>	<u>1,325,211</u>	<u>190,284</u>	<u>1,515,495</u>

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

30.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2016 and 2015 are as follows:

	2016	2015
(Rupees in '000)		
Long-term financing	280,000	780,000
Accrued mark-up	8,783	32,798
Short-term borrowings	140,195	545,211
Total debt	<u>428,978</u>	<u>1,358,009</u>
Cash and cash equivalents	(17,515)	(10,484)
Net debt	<u>411,463</u>	<u>1,347,525</u>
Share capital	296,055	275,400
Reserves	3,020,236	1,923,565
Total capital	<u>3,316,291</u>	<u>2,198,965</u>
Capital and net debt	<u>3,727,754</u>	<u>3,546,490</u>
Gearing ratio	<u>11.04%</u>	<u>38.00%</u>

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.



30.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: quoted prices in active market for identical assets;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The table below categorized financial assets by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed shares	507,379	-	-	507,379
	2015			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed shares	369,300	-	-	369,300

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.

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2016	2015
	Executives / Key Employees	Executives / Key Employees
	(Rupees in '000)	
Managerial remuneration	58,403	42,488
Housing allowance	17,968	13,571
Retirement benefits	5,444	4,277
Utilities	3,878	2,942
Leave fare assistance	3,824	2,550
	89,517	65,828
Number	37	26

31.1 No remuneration was paid to the Chief Executive Officer and any of the directors.

31.2 The aggregate amount paid to the Directors as a fee for attending the Board of Directors' meetings is Rs. 2.52 million (2015: Rs. 1.23 million).

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Relationship	Nature of transactions	2016	2015
		(Rupees in '000)	
Group companies	Sale of goods	475,333	546,537
	Purchase of goods	8,518	317
	Services received	29,785	27,028
	IT support charges	7,344	6,372
	Dividends paid	59,676	28,988
	Dividends received	16,973	487
Other related parties	Insurance premium	7,504	6,874

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

33. NUMBER OF EMPLOYEES

Total number of persons employed as at the year-end were 79 (2015: 72) and average number of employees during the year were 77 (2015: 71).

34. CAPACITY

	2016	2015
	(Bags '000)	
Annual installed capacity as of June 30,	410,000	410,000
Actual production for the year	341,285	289,632

Capacity utilization is in line with the market demand during the year.

35. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 23, 2016 by the Board of Directors of the Company.

36. DIVIDEND AND APPROPRIATIONS

36.1 Subsequent to year ended June 30, 2016, the Board of Directors in its meeting held on August 23, 2016 has proposed final cash dividend @ Rs. 7/- per share amounting to Rs. 207.24 million (2015: Rs. 5/- per share amounting to Rs. 137.70 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Rs. 3/- per share amounting to Rs. 88.82 million (2015: Rs. 2/- per share amounting to Rs. 55.08 million) approved by the Board of Directors for the year ended June 30, 2016.

36.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after

tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs. 296.06 million for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company would not be liable to pay tax on its undistributed reserves as of June 30, 2016.

37. CORRESPONDING FIGURES

There was no reclassification that could affect the financial statements materially.

38. GENERAL

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



Amer Faruque
Chief Executive



Tariq Faruque
Director

Pattern of Shareholding

as at June 30, 2016

No. of Shareholders	Shareholding		Shares Held
	From	To	
264	1	100	10,782
274	101	500	85,240
155	501	1000	120,898
312	1001	5000	773,007
93	5001	10000	672,976
49	10001	15000	584,070
28	15001	20000	491,991
24	20001	25000	534,001
14	25001	30000	387,875
4	30001	35000	128,482
8	35001	40000	307,900
5	40001	45000	216,073
4	45001	50000	196,619
6	50001	55000	315,328
2	55001	60000	119,275
2	60001	65000	127,543
2	65001	70000	135,002
5	70001	75000	369,600
3	75001	80000	236,745
1	80001	85000	82,800
2	85001	90000	174,500
2	90001	95000	181,027
1	95001	100000	100,000
1	100001	105000	104,644
3	105001	110000	322,700
1	110001	115000	110,600
1	115001	120000	117,553
1	125001	130000	128,320
1	140001	145000	141,000
2	145001	150000	292,506
1	155001	160000	160,000
1	170001	175000	175,000
1	175001	180000	177,912
1	180001	185000	180,973
1	195001	200000	199,725
1	200001	205000	203,245
2	205001	210000	416,912
1	230001	235000	230,235
2	235001	240000	475,537
1	250001	255000	252,473
1	255001	260000	257,500
1	260001	265000	264,559
1	300001	305000	303,800
2	305001	310000	613,444
1	340001	345000	340,194
1	350001	355000	353,500
1	435001	440000	437,355
1	455001	460000	456,675
1	520001	525000	523,685
1	595001	600000	600,000
1	680001	685000	683,837
1	830001	835000	834,737
1	920001	925000	924,100
1	1020001	1025000	1,024,125
1	1255001	1260000	1,257,789
1	1465001	1470000	1,469,933
1	1485001	1490000	1,487,026
1	2055001	2060000	2,055,308
1	2720001	2725000	2,724,763
1	2950001	2955000	2,952,101
<u>1303</u>			<u>29,605,500</u>

Catergories of Shareholding

as at June 30, 2016

Shareholders' Category	No. of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. AKBARALI PESNANI	1	79,120	0.27
MRS. SAKINA PESNANI W/O MR. AKBARALI PESNANI	1	8,600	0.03
MR. AMER FARUQUE	1	145,258	0.49
MRS. AMINA FARUQUE W/O MR. AMER FARUQUE	1	230,235	0.78
MR. ASLAM FARUQUE	1	264,559	0.89
MR. SHEHRYAR FARUQUE	1	207,290	0.70
MR. ARIF FARUQUE	1	456,675	1.54
MR. TARIQ FARUQUE	1	340,194	1.15
MR. ABRAR HASAN	1	2,580	0.01
MR. ABID NAQVI	1	100	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	2,952,101	9.97
CHERAT CEMENT COMPANY LIMITED	1	2,055,308	6.94
MIRPURKHAS SUGAR MILLS LIMITED	1	1,469,933	4.97
GREAVES PAKISTAN (PRIVATE) LIMITED	1	1,487,026	5.02
Executives	1	32,250	0.11
Public Sector Companies and Corporations	1	683,837	2.31
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	17	6,554,110	22.14
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	4,000	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	108,900	0.37
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	303,800	1.03
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	437,355	1.48
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	353,500	1.19
CDC - TRUSTEE NAFA STOCK FUND	1	180,973	0.61
CDC - TRUSTEE LAKSON EQUITY FUND	1	106,300	0.36
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	3,572	0.01
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	82,800	0.28
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,100	0.01
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	60,000	0.20
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	1	298	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	110,600	0.37
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	10,000	0.03
CDC - TRUSTEE LAKSON TACTICAL FUND	1	12,200	0.04
General Public	1198	9,545,076	32.24
Others	57	1,314,850	4.44
Total	1303	29,605,500	100.00
Shareholders holding 5% or more		Shares Held	Percentage
FARUQUE (PRIVATE) LIMITED		2,952,101	9.97
ATLAS INSURANCE LIMITED		2,724,763	9.20
CHERAT CEMENT COMPANY LIMITED		2,055,308	6.94
GREAVES PAKISTAN (PRIVATE) LIMITED		1,487,026	5.02

(xi) سیکورٹیز کی خریداری کے لئے درکار فنڈ کے ذرائع	CPL اپنے ذرائع سے سرمایہ کاری کرے گی۔
(xii) قرضہ کے فنڈ سے خریدی جانے والی مطلوبہ سیکورٹیز کس طرح حاصل کی جائیں گی۔ (I) قرضہ کے ذریعہ سرمایہ کاری کا جواز، اور (II) ان فنڈز کیلئے ضمانتوں اور اثاثوں کے رہن رکھنے کی تفصیلات	لاگو نہیں ہے۔
(xiii) مجوزہ سرمایہ کاری کیلئے ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کے مابین معاہدے (معاہدوں)، اگر کئے گئے ہوں، کے خاص خاص نکات۔	لاگو نہیں ہے۔
(xiv) منسلک کمپنی یا منسلک انڈر ٹیکنگ یا زیر غور لین دین میں ڈائریکٹرز، سرپرست، حصص داران کی اکثریت اور ان کے رشتہ داروں کے براہ راست یا بالواسطہ مفادات	جناب اکبر علی پینٹانی، جناب شہر یار فاروق اور جناب عارف فاروق، CCCL کے ڈائریکٹرز بھی ہیں۔ ڈائریکٹرز کی دلچسپی صرف کمپنی میں ان کی موجودہ سرمایہ کاری تک محدود ہے۔
(xv) کوئی اور، ہم تفصیلات جو ممبران کو لین دین کیلئے سمجھنے کی ضرورت ہو۔	لاگو نہیں ہے۔

کمپنیز (منسلک کمپنیوں یا منسلک انڈر ٹیکنگ میں سرمایہ کاری) کے ضوابط 2012 کے ضابطہ (3) کے مطابق انڈر ٹیکنگ

ڈائریکٹرز نے وضاحت کی ہے کہ انہوں نے مجوزہ لین دین کے معاملہ، خاص طور پر میر پور خاص شوگر ملز لمیٹڈ میں سرمایہ کاری کے بارے میں تمام مطلوبہ ضروری اقدامات مکمل کر لئے ہیں۔

چیراٹ سینٹ کمپنی لمیٹڈ (CCCL) کا قیام 1981 میں عمل میں آیا۔ یہ سینٹ تیار کرنے والوں میں ایک بلند مقام رکھتی ہے۔ کمپنی جدید ترین اور انتہائی نفس پیداواری مشینری کے ذریعے اعلیٰ معیار کا گرے پورٹ لینڈ سینٹ تیار کرتی ہے۔ اس کی سالانہ پیداواری گنجائش 1,000,000 ٹن ہے اور یہ صارفین میں بے حد مقبول برانڈ ہے۔ اس کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ اس وقت CCCL اپنی پیداواری گنجائش مزید 1.3 ملین ٹن تک بڑھانے کے مرحلے میں ہے

مزید معلومات بمطابق 2012/1/27 S.R.O. مورخہ 16 جنوری 2012، سرمایہ کاری کی تفصیلات درج ذیل ہیں:

(i) فنسلک کمپنی کا نام یا فنسلک انڈر ٹیکنگ مع اہلیت جس کی بناء پر یہ اشتراک قائم کیا گیا ہے۔	چیراٹ سینٹ کمپنی لمیٹڈ (CCCL)۔ جناب اکبر علی پشینانی، جناب شہریار فاروق اور جناب عارف فاروق جو CCCL کے ڈائریکٹرز بھی ہیں۔
(ii) مقصد، فائدے اور سرمایہ کاری کی مدت	CPL اسٹاک مارکیٹ سے CCCL کے شیئرز کی خریداری کے ذریعہ 100 ملین روپے کی حد تک ایکویٹی سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ CCCL سے حاصل ہونے والے منافع سے CPL کو فائدہ ہوگا یہ اس کی اضافی آمدنی کا ذریعہ ہوگا جس کا فائدہ کمپنی کے حصص داران کو پہنچے گا۔ مزید یہ کہ ایک اچھا اثاثہ ہونے کے باعث کمپنی کے مالیاتی اسٹیٹمنٹ بہتر ہوں گے۔ یہ CPL کی طویل مدت کی سرمایہ کاری ہوگی۔
(iii) سرمایہ کاری کی زیادہ سے زیادہ رقم	چیراٹ پیکیجنگ لمیٹڈ، CCCL کے شیئرز کی خریداری کے ذریعہ 100 ملین روپے کی حد تک ایکویٹی سرمایہ کاری کا ارادہ رکھتی ہے۔
(iv) زیادہ سے زیادہ قیمت، جس پر سیکورٹیز خریدی جائیں گی۔	مارکیٹ کی اس وقت کی قیمت
(v) خریدی جانے والی سیکورٹیز کی زیادہ سے زیادہ تعداد	مارکیٹ کی موجودہ قیمت کے مطابق لیکن زیادہ سے زیادہ 100 ملین روپے کی حد تک
(vi) مجوزہ سرمایہ کاری سے قبل اور بعد میں کل ملکیتی سیکورٹیز کی تعداد اور شرح	خریداری سے قبل: 4,243,362 شیئرز یعنی 2.4% خریداری کے بعد: مارکیٹ کی موجودہ قیمت کے مطابق لیکن زیادہ سے زیادہ 100 ملین کی حد تک
(vii) لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں گزشتہ بارہ ہفتے کی اوسط قیمت کے لحاظ سے مطلوبہ سیکورٹیز کی اوسط قیمت	120 روپے فی شیئر
(viii) غیر لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں ایسی سیکورٹیز کی منصفانہ مارکیٹ ویلیو، جس کا تعین ریگولیشن (1)6 کی شرائط میں کیا گیا ہے۔	لاگو نہیں ہے۔
(ix) تازہ ترین آڈٹ شدہ مالیاتی اسٹیٹمنٹ کی بنیاد پر مطلوبہ خریدی جانے والی سیکورٹیز کی بریک اپ ویلیو	45.44 روپے (بمطابق 30 جون 2015)
(x) گزشتہ تین سال میں ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کی فی شیئر آمدنی	جون، 2013: 11.68 روپے جون، 2014: 9.60 روپے (Restated) جون، 2015: 8.01 روپے

مارکیٹ کی اس وقت کی قیمت	(iv) زیادہ سے زیادہ قیمت، جس پر سیکورٹیز خریدی جائیں گی۔
مارکیٹ کی موجودہ قیمت کے مطابق لیکن زیادہ سے زیادہ 50 ملین روپے کی حد تک	(v) خریدی جانے والی سیکورٹیز کی زیادہ سے زیادہ تعداد
خریداری سے قبل: کوئی نہیں۔ خریداری کے بعد: مارکیٹ کی موجودہ قیمت کے مطابق لیکن زیادہ سے زیادہ 50 ملین روپے کی حد تک	(vi) مجوزہ سرمایہ کاری سے قبل اور بعد میں کل سیکورٹیز کی تعداد اور شرح
130 روپے فی شیئر	(vii) لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں گزشتہ بارہ ہفتے کی اوسط قیمت کے لحاظ سے مطلوبہ سیکورٹیز کی اوسط قیمت
لاگو نہیں ہے۔	(viii) غیر لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں ایسی سیکورٹیز کی منصفانہ مارکیٹ ویلیو، جس کا تعین ریگولیشن (1)6 کی شرائط میں کیا گیا ہے۔
137.72 روپے (برمطابق 30 ستمبر 2015)	(ix) تازہ ترین آڈٹ شدہ مالیاتی اسٹیٹمنٹ کی بنیاد پر مطلوبہ خریدی جانے والی سیکورٹیز کی بریک اپ ویلیو
ستمبر 2013: 11.37 روپے ستمبر 2014: 6.70 روپے ستمبر 2015: 8.47 روپے	(x) گزشتہ تین سال میں ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کی فی شیئر آمدنی
CPL اپنے ذرائع سے سرمایہ کاری کرے گی۔	(xi) سیکورٹیز کی خریداری کے لئے درکار فنڈ کے ذرائع
لاگو نہیں ہے۔	(xii) قرضہ کے فنڈ سے خریدی جانے والی مطلوبہ سیکورٹیز کس طرح حاصل کی جائیں گی۔ (I) قرضہ کے ذریعہ سرمایہ کاری کا جواز، اور (II) ان فنڈز کیلئے ضمانتوں اور اثاثوں کے رہن رکھنے کی تفصیلات
لاگو نہیں ہے۔	(xiii) مجوزہ سرمایہ کاری کیلئے ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کے مابین معاہدے (معاہدوں)، اگر کئے گئے ہوں، کے خاص خاص نکات۔
جناب اسلم فاروق، جناب عامر فاروق، جناب شہر یار فاروق، جناب عارف فاروق اور جناب طارق فاروق MSM کے ڈائریکٹرز بھی ہیں۔ ڈائریکٹرز کی دلچسپی صرف ان کی کمپنی میں موجودہ سرمایہ کاری کی حد تک ہے۔	(xiv) منسلک کمپنی یا منسلک انڈر ٹیکنگ یا زیر غور لین دین میں ڈائریکٹرز، سرپرست، حصص داران کی اکثریت اور ان کے رشتہ داروں کے براہ راست یا بالواسطہ مفادات
لاگو نہیں ہے۔	(xv) کوئی اور اہم تفصیلات جو ممبران کو لین دین کیلئے سمجھنے کی ضرورت ہو۔

کمپنیز (منسلک کمپنیوں یا منسلک انڈر ٹیکنگ میں سرمایہ کاری) کے ضوابط 2012 کے ضابطہ (3) کے مطابق انڈر ٹیکنگ -

ڈائریکٹرز نے وضاحت کی ہے کہ انہوں نے مجوزہ لین دین کے معاملہ، خاص طور پر میر پور خاص شوگر ملز لمیٹڈ میں سرمایہ کاری کے بارے میں تمام مطلوبہ ضروری اقدامات مکمل کر لئے ہیں۔

شیر ہولڈرز میں سالانہ آڈٹ شدہ اکاؤنٹس کی CD/DVD/USB کے ذریعے تقسیم بارے میں معلومات

آئٹم نمبر 5

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنیوں کو اس بات کی اجازت دی ہے کہ وہ اپنی سالانہ بیلنس شیٹ، نفع و نقصان اکاؤنٹس، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ، (سالانہ آڈٹ شدہ اکاؤنٹس) اپنے ممبران کو بذریعہ CD/DVD/USB ان کے رجسٹرڈ پتوں پر ارسال کر سکتی ہیں۔

ممبران کے الیکٹرونک (ای وونگ) کے ذریعے حق رائے دہی کے بارے میں معلومات

آئٹم نمبر 6

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنی کے ممبران کو اس بات کی اجازت دی ہے کہ وہ الیکٹرونک (ای وونگ) کے ذریعے حق رائے دہی استعمال کر سکتے ہیں جس کیلئے وہ درمیانی عامل کے بطور پراسر کی جانب سے ایگزیکٹیو آفیسر کے تقرر کیلئے کمپنی کے اجلاس کے انعقاد سے کم از کم 10 دن پہلے اپنی رضامندی کا تحریری اظہار جمع کرائے۔

سرمایہ کاری کے بارے میں معلومات

آئٹم نمبر 7

میرپور خاص شوگر ملز لمیٹڈ (MSM) پاکستان کے صف اول کے صاف شدہ چینی کے تیار کنندہ اور فراہم کنندہ ہیں۔ کمپنی نے تجارتی بنیادوں پر پیداواری عمل کا آغاز 1964 میں کیا، یہ کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی مسلسل ترقی کی راہ پر گامزن ہے۔ 8,500 ٹن روزانہ کرش کرنے کی گنجائش کے ساتھ یہ پاکستان کی بہترین صلاحیت کی حامل چینی کی ملوں میں سے ایک ہے۔ کمپنی اپنے فارم میں تجرباتی بنیادوں پر گنے کی اعلیٰ اقسام کاشت کر رہے ہیں۔ اس کے متنوع کاروبار میں ڈسٹری کے مشترکہ دستخیز۔ یونی کول لمیٹڈ بھی ہے جس سے کمپنی کو حصول مقاصد کا بھرپور موقع ملا ہے کیونکہ یہ اس کیلئے اضافی آمدنی کا ذریعہ ہے۔ ملک میں بجلی کی بروقتی ہوئی مانگ کے پیش نظر MSM نے گنے کے بھوسے پر مبنی بجلی پیدا کرنے والی کمپنی "میرپور خاص انرجی لمیٹڈ" کے نام سے قائم کرنے کا فیصلہ کیا ہے۔ توانائی کی پیداوار کے اس منصوبے سے تقریباً 26MW بجلی پیدا کرنے کی منصوبہ بندی کی گئی ہے۔

مزید معلومات بمطابق S.R.O. 27(I)/2012 مورخہ 16 جنوری 2012، سرمایہ کاری کی تفصیلات درج ذیل ہیں:

<p>میرپور خاص شوگر ملز لمیٹڈ (MSM) جناب اسلم فاروق، جناب عامر فاروق، جناب شہر یار فاروق، جناب عارف فاروق اور جناب طارق فاروق MSM کے ڈائریکٹرز بھی ہیں۔</p>	<p>(i) منسلک کمپنی کا نام یا منسلک انڈر ٹیکنگ مع اہلیت جس کی بناء پر یہ اشتراک قائم کیا گیا ہے۔</p>
<p>چیراٹ پیکیجنگ لمیٹڈ (CPL) اسٹاک مارکیٹ سے MSM کے شیرز کی خریداری کے ذریعہ 50 ملین روپے کی حد تک کی ایکویٹی سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ MSM سے حاصل ہونے والے منافع سے CPL کو فائدہ ہوگا یہ اس کی اضافی آمدنی کا ذریعہ ہوگا جس کا فائدہ کمپنی کے حصص داران کو پہنچے گا۔ مزید یہ کہ ایک اچھا اثاثہ ہونے کے باعث کمپنی کے مالیاتی اسٹیٹمنٹ بہتر ہوں گے۔ یہ CPL کی طویل مدت کی سرمایہ کاری ہوگی۔</p>	<p>(ii) مقصد، فائدے اور سرمایہ کاری کی مدت</p>
<p>چیراٹ پیکیجنگ لمیٹڈ، MSM کے شیرز کی خریداری کے ذریعہ 50 ملین روپے کی حد تک کی ایکویٹی سرمایہ کاری کا ارادہ رکھتی ہے۔</p>	<p>(iii) سرمایہ کاری کی زیادہ سے زیادہ رقم</p>

اور کمپنی سیکرٹری اس بات کے مجاز ہیں اور ہوں گے کہ وہ اس قرارداد کے موثر ہونے کیلئے درکار تمام ضروری امور، عوامل اور کارروائی انجام دیں۔"

کمپنیز آرڈیننس 1984 کے سیکشن 160 کے مطابق درج بالا خصوصی قراردادوں سے متعلق اسٹیمٹنس اس نوٹس کے ساتھ ممبران کو ارسال کئے جا رہے ہیں۔

بحکم بورڈ آف ڈائریکٹرز



عابد وزیر

ایگزیکٹو ڈائریکٹر اور کمپنی سیکرٹری

کراچی، مورخہ 23 اگست 2016

کے شیئر رجسٹرار کو فوری طور پر ارسال کر دیں۔

۱۔ بحوالہ SECP کے جاری کردہ S.R.O.787(I) مورخہ 8 ستمبر 2014 شمیر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ فنانشل اسٹیمٹنس اور اجلاس عام کی اطلاع بذریعہ ای میل منگوا سکتے ہیں۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اس سلسلے میں مقررہ فارمیٹ کے مطابق اپنی خواہش کا اظہار ہمارے شیئر رجسٹرار میسرز سی سی پاکستان لمیٹڈ، سی سی ہاؤس B-99 بلاک B، ایس۔ایم۔سی۔انج۔ ایس، مین شارع فیصل، کراچی کو مطلع کریں تاکہ ہم اپنے ریکارڈ میں درج کر سکیں کہ آیا آپ آڈٹ شدہ فنانشل اسٹیمٹنس اور اجلاس عام کی اطلاع بذریعہ ای میل منگوانے کے خواہشمند ہیں۔ اس کے علاوہ شیئر ہولڈرز کو آڈٹ شدہ فنانشل اسٹیمٹنس کی ہارڈ کاپی ان کی درخواست وصول ہونے کے سات (7) دن کے اندر بلا معاوضہ بھجوا دی جائے گی۔

یونی انرجی لمیٹڈ میں سرمایہ کاری کی صورت حال

کمپنی نے اپنے سالانہ اجلاس عام منعقدہ 15 اکتوبر 2015 میں یونی انرجی لمیٹڈ کی ایکویٹی میں 150 ملین روپے کی حد تک سرمایہ کاری کیلئے حصص داران کی منظوری حاصل کر لی تھی۔ منصوبہ اور اس کی مالی ضروریات کی صورت حال کے پیش نظر کمپنی نے اب تک صرف 4.62 ملین روپے کی حد تک سرمایہ کاری کی ہے۔ بقیہ رقم چیراٹ پیکیجنگ لمیٹڈ، یونی انرجی لمیٹڈ کو بوقت ضرورت فراہم کرتی رہے گی۔

کمپنیز آرڈیننس 1984 کے سیکشن 160 کے تحت اسٹیمٹنس

"خصوصی کاروبار" سے متعلق اہم حقائق کے اسٹیمٹنس کی کارروائی 31 اکتوبر 2016 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں انجام پائے گی۔ درج ذیل کے بارے میں کمپنی کے ممبران سے منظوری حاصل کی جائے گی:

"طے پایا کہ کمپنیز آرڈیننس 1984 کے سیکشن 208 کے تحت اور حصص داران کی مرضی اور منظوری سے کمپنی کے بورڈ آف ڈائریکٹرز اس بات کے مجاز ہوں گے اور ہیں کہ مارکیٹ سے چیراٹ سینٹ کمپنی لمیٹڈ کے حصص کی خریداری کے ذریعہ 100 ملین روپے کی حد تک سرمایہ کاری کی جائے؛ اور کمپنی کے بورڈ آف ڈائریکٹرز

۱۔ کمپنی کے ممبران کا رجسٹر جمعہ 21 اکتوبر 2016 تا پیر 31 اکتوبر 2016 (بشمول دونوں ایام) بند رہے گا اور اس مدت کے دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔ تاہم کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، سی سی ہاؤس B-99 بلاک B، ایس۔ایم۔سی۔انج۔ ایس، شارع فیصل کراچی-74400 میں جمعرات 20 اکتوبر 2016 کو کاروباری اوقات کے اختتام تک موصول ہونے والے شیئرز حتمی نقد منافع کے حقدار تصور کئے جائیں گے۔

۲۔ کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے موثر ہونے کیلئے لازمی ہے کہ اس کی تحریری اطلاع، اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے ہیڈ آفس کو موصول ہو جائے۔

۳۔ کمپنی کے وہ شیئر ہولڈرز جن کے شیئرز سینٹرل ڈیپازٹری سسٹم (CDS) میں ان کے اکاؤنٹ اسب اکاؤنٹ میں رجسٹرڈ ہیں، ان کو مطلع کیا جاتا ہے کہ وہ تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ مع CDS میں اپنے اکاؤنٹ نمبر اور شناختی کارڈ کی ڈی نمبر ہمراہ لائیں۔ پراکسی کے تقرر کی صورت میں ایسے اکاؤنٹ ہولڈر اسب اکاؤنٹ ہولڈر کو SECP کے سرکلر مورخہ 26 جنوری 2000 کی رہنما ہدایات پر عمل کرنا ہوگا۔

۴۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں

۵۔ وہ شیئر ہولڈرز جنہوں نے ابھی تک اپنے کارڈ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ فوٹو کاپی کمپنی

اطلاع برائے

سالانہ اجلاس عام

"طے پایا کہ S.R.O.43(I)/2016، مورخہ 22 جنوری 2016 کی رو سے اور ضمیر ہولڈرز کی مرضی اور منظوری کی صورت میں، کمپنی کے آرٹیکلز آف ایسوسی ایشن میں شق 62 کے بعد درج ذیل نئی شق شامل کر کے اس میں تبدیلی کی جائے"

"(62A) کمپنیز (ای وونگ) ریگولیشن 2016 (شمول کسی قانونی تجدید کے، اگر ہو) اور اس میں وقتاً فوقتاً ہونے والی ترمیم کی رو سے کوئی بھی ممبر کمپنی کے اجلاس عام میں ای وونگ کا انتخاب کر سکتا/سکتی ہے۔ ای وونگ کیلئے صرف ممبر کو ہی پراکسی مقرر کیا جاسکتا ہے۔ ایگزیکوشن آفیسر کی تقرری کی ہدایات اور درمیانی عامل کو ای وونگ کا اختیار دینے کے بارے میں اجلاس عام سے کم از کم دس (10) دن قبل کمپنی کے ہیڈ دفتر کے پتے پر یا بذریعہ ای میل تحریری طور پر مطلع کرنا لازمی ہے۔ کمپنی کم از کم پانچ ممبروں، یا کسی ایک ایسے ممبر کی جانب سے جو وونگ کی قوت کے کم از کم دس فیصد کے مساوی ہو، کی جانب سے موصول ہونے والی درخواست پر ای وونگ کا انتظام کرے گی۔"

۷۔ کمپنیز آرڈیننس 1984 کے سیکشن 208 کے پروویژن کے مطابق اسٹاک مارکیٹ سے ایسوسی ایٹ کمپنی بنام میر پور خاص شوگر ملز لمیٹڈ (MSM) کے حصص کی خریداری کے ذریعے 50 ملین روپے کی حد تک کی سرمایہ کاری پر غور کرنا اور اس کی منظوری دینا۔ لہذا یہ تجویز کیا جاتا ہے کہ درج ذیل قرارداد بطور خصوصی قرارداد منظور کی جائے:

"طے پایا کہ کمپنیز آرڈیننس 1984 کے سیکشن 208 کے تحت اور حصص داران کی مرضی اور منظوری سے کمپنی کے بورڈ آف ڈائریکٹرز اس بات کے مجاز ہوں گے اور ہیں کہ مارکیٹ سے میر پور خاص شوگر ملز کے حصص کی خریداری کے ذریعے 50 ملین روپے کی حد تک سرمایہ کاری کی جائے؛ اور کہ کمپنی کے بورڈ آف ڈائریکٹرز اور کمپنی سیکرٹری اس بات کے مجاز ہیں اور ہوں گے کہ وہ اس قرارداد کے موثر ہونے کیلئے درکار تمام ضروری امور، عموماً اور کارروائی انجام دیں۔"

۸۔ کمپنیز آرڈیننس 1984 کے سیکشن 208 کے پروویژن کے مطابق اسٹاک مارکیٹ سے ایسوسی ایٹ کمپنی بنام چیراٹ سینٹ کمپنی لمیٹڈ (CCCL) کے حصص کی خریداری کے ذریعے 100 ملین روپے کی حد تک کی سرمایہ کاری پر غور کرنا اور اس کی منظوری دینا۔ لہذا یہ تجویز کیا جاتا ہے کہ درج ذیل قرارداد بطور خصوصی قرارداد پاس کیا جائے:

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 27 واں سالانہ اجلاس عام بروز پیر 31 اکتوبر 2016 صبح 9.00 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع بیٹانی آرکیڈ، جمروڈ روڈ، پشاور میں منعقد ہوگا۔

عمومی امور:

- ۱۔ کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال ختمہ 30 جون 2016 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور کرنا۔
- ۲۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مالی سال ختمہ 30 جون 2016 کے لئے ضمیر ہولڈرز کو حتمی نقد منافع بحساب %70 (7.00 روپے فی شیئر) کی ادائیگی پر غور کرنا اور منظوری دینا جو پہلے سے ادا شدہ عبوری نقد منافع بحساب %30 (3.00 روپے فی شیئر) کے علاوہ ہے۔

۳۔ سال 2016-17 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

۴۔ چیئرمین کی اجازت سے کسی اور امور کی انجام دہی کرنا۔

خصوصی امور:

- ۵۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.470 (I)/2016، مورخہ 31 مئی 2016 میں درج ہدایات کی پیروی میں تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد منظور کی جائے:

"طے پایا کہ S.R.O.470 (I)/2016، مورخہ 31 مئی 2016 کی رو سے اور ضمیر ہولڈرز کی مرضی اور منظوری کی صورت میں، کمپنی کے بورڈ آف ڈائریکٹرز کو اس بات کا اختیار دیا جاتا ہے کہ وہ کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس اپنے ممبران کو بذریعہ CD/DVD/USB ارسال کریں اور کمپنی کے بورڈ آف ڈائریکٹرز اور کمپنی سیکرٹری اس بات کے مجاز ہیں اور ہوں گے کہ وہ اس قرارداد کے موثر ہونے کیلئے درکار تمام ضروری امور، عموماً اور کارروائی انجام دیں۔"

- ۶۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.43 (I)/2016، مورخہ 22 جنوری 2016 میں درج ہدایات کی پیروی میں تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد منظور کی جائے:

- اس سال ہیومن ریسورس اینڈ ریمو ریشن کمیٹی کے دو اجلاس منعقد ہوئے۔ ان میں ہر ممبر کی شرکت کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت
• جناب ابرار حسن	2
• جناب اسلم فاروق	2
• جناب عامر فاروق	2

- شیئر ہولڈنگ کی تفصیلات منسلک ہیں۔

اس سال چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر اور کمپنی سیکرٹری اور ان کی شریک حیات اور چھوٹے بچوں نے کمپنی کے شیئرز کا کوئی کاروبار نہیں کیا سوائے جناب اسلم فاروق اور جناب طارق فاروق کے، جنہوں نے شیئرز کی فروخت کی۔

اس سال فی شیئر آمدنی 31.55 روپے ہے جو کہ گذشتہ سال کی فی شیئر آمدنی 22.89 سے زیادہ ہے۔

- قومی خزانے میں حصہ

کمپنی نے ڈیویڈنڈ اور ڈیویڈنڈ کی صورت میں قومی خزانے میں تقریباً 2 بلین روپے جمع کرائے ہیں۔

یونی انرجی لمیٹڈ

یونی انرجی۔ ایک مشترکہ پن بجلی کا منصوبہ ہے، جس کو لیٹر آف انٹینٹ (intent) جاری کر دیا گیا ہے اور منصوبے کے قیام کیلئے رسمی طور پر چھ مہینے، ضلع ٹھٹھ میں زمین الاٹ کر دی گئی ہے۔ اس منصوبے کی جاری مالی ضروریات کیلئے JV پارٹنرز نے کمپنی کو ابتدائی ایکویٹی کے سرمایہ کاری کی ادائیگی کر دی ہے۔ اس سلسلے میں جی رٹ پیکیجنگ نے حصص داران کی منظوری حاصل کرنے کے بعد 4.62 ملین روپے کا ایکویٹی سرمایہ فراہم کر دیا ہے۔ اس وقت منصوبے کے تکنیکی مطالعہ پر کام جاری ہے۔ اس کے ساتھ ساتھ کمپنی مختلف سرکاری محکموں سے منظوری حاصل کرنے میں مصروف ہے اور اس منصوبے کیلئے فنڈز کی فراہمی کے سلسلے میں مالیاتی اداروں سے رابطے کر رہی ہے۔

مستقبل کے امکانات

ملک میں سینٹ کی مانگ میں نمایاں بہتری کے سبب کمپنی کے تیار کردہ بیگس کی فروخت پر مثبت اثرات مرتب ہوئے ہیں۔ معیشت کے استحکام، تیل کی کم قیمتوں اور شرح سود میں کمی سے معیشت کے تمام شعبوں کو فائدہ ہوا ہے، اور سرمایہ کاری کی سرگرمیوں، خاص طور پر تعمیراتی شعبہ میں نمایاں اضافہ دیکھنے میں آیا ہے۔ چائنا پاکستان اکنامک کوریڈور کے تحت شروع ہونے والے انفراسٹرکچر منصوبوں اور منصوبوں کے اقدامات سے سینٹ کے استعمال میں مزید اضافہ ہوگا۔ اس پس منظر میں پولی پروپلائن پلانٹ کی تیسری لائن اور اس کے بعد سپر سیک پلانٹ کی پانچویں لائن کے اضافے سے کمپنی کو پیکیجنگ میٹریل کی بڑھتی ہوئی طلب پوری کرنے میں مدد ملے گی۔ مزید برآں، اس سے کمپنی کو نئے مارکیٹ کے شعبے دریافت کرنے کا موقع ملے گا جس میں PP بیگس کی برآمد اور دوسری مصنوعات، جیسے چینی، زرعی اجناس اور کمپلکس وغیرہ کیلئے پیکیجنگ میٹریل کی فراہمی شامل ہے۔ پاکستان میں سنگل ونڈ ویسٹ پیکیجنگ کے حل پیش کرنے والی واحد کمپنی ہونے کی حیثیت سے CPL اپنے صارفین کی ضروریات پوری کرنے میں حکمت عملی کے لحاظ سے ایک نمایاں مقام کی حامل ہے۔ ہمیں بھروسہ ہے کہ ہمارے اقدامات سے مستقبل میں کمپنی کی سیلز میں مزید اضافہ ہوگا۔ اس کے علاوہ کمپنی دستیاب ذرائع کے بہترین استعمال سے اپنی آپریشنل استعداد کو بہتر سے بہتر بنانے میں کوشاں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ای۔ وائی۔ فور ڈی ہوڈز، چارٹرڈ اکاؤنٹنٹس نے ریٹائر ہونے کے بعد اہل ہونے کی بنیاد پر خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔

اعتراف

انتظامیہ، تمام صارفین، مالیاتی اداروں، عملے کے ارکان، فراہم کنندگان اور شیئر ہولڈرز کی شکرگزار ہے جو مستقل مدد اور تعاون کے ساتھ کمپنی سے وابستہ ہیں۔ ہم مونڈی پیکیجنگ اور BSW - Windmoller & Holscher کی مدد اور تعاون کیلئے خاص طور پر مشکور ہیں۔



برائے بورڈ آف ڈائریکٹرز

اکبر علی پشینانی

چیئرمین

کراچی، 23 اگست 2016

ایک ذمہ دار شہری ادارہ ہونے کی حیثیت سے کمپنی تحفظ اور ماحولیات کی سہولتوں میں بہتری کیلئے مسلسل کوششوں کے عزم پر کاربند ہے۔ پیداواری یونٹس میں ہر جگہ صنعتی اور ماحولیاتی معیارات کی مکمل پیروی کی جاتی ہے اور تحفظ کے اقدامات اختیار کئے جاتے ہیں اور اب تک ہمارے عملے کو کوئی پیشہ ورانہ حادثہ پیش نہیں آیا ہے۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک پر ایشیمنٹ

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی ایشیمنٹ میں کمپنی کے معاملات، آپریشنز کے نتائج، رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
 - کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
 - مالیاتی ایشیمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو بہتر طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
 - مالیاتی ایشیمنٹس بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
 - اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
 - کمپنی کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شائبہ نہیں ہے۔
 - اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات حذف نہیں کی گئی ہے۔
 - گزشتہ چھ سال کی بنیادی آپریشننگ اور مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔
 - آپ کی کمپنی کے ذمہ ٹیکس، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے سوائے ان کے جو عام کاروباری طریقہ کار کے مطابق ادا کئے جاتے ہیں۔
- (۱۰) کمپنی اپنے ملازمین کے پراویڈنٹ اور گریجویٹ فنڈز کے حسابات مکمل رکھتی ہے۔ فنڈز کی سرمایہ کاری کی تفصیلات برطانیہ 30 جون 2016 درج ذیل ہے:

پراویڈنٹ فنڈ	137.6 ملین روپے
گریجویٹ فنڈ	75.1 ملین روپے

اس سال بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت
• جناب اکبر علی پیدسانی	6
• جناب عامر فاروق	6
• جناب اسلم فاروق	6
• جناب شہیر فاروق	5
• جناب عارف فاروق	6
• جناب طارق فاروق	6
• جناب ابرار حسن	6
• جناب عابد نقوی	5

اس سال آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ان اجلاس میں ہر ممبر کی شرکت کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت
• جناب عابد نقوی	4
• جناب عارف فاروق	4
• جناب طارق فاروق	4



برآمدات اور نئی پروڈکٹس

کمپنی نے مقامی مارکیٹ کی طرح ایشیا، افریقہ اور یورپ کی مارکیٹس میں بھی اعلیٰ معیار کے بیکس کے فراہم کنندہ کے طور پر اہم مقام حاصل کیا ہے۔ اس طریقہ سے اس کے پورٹ فولیو میں نئے صارفین کا اضافہ ہو رہا ہے۔ اس کے علاوہ کمپنی نے PP بیکس کی مارکیٹس کیلئے بھی نئے شعبوں مثلاً چینی، زرعی اجناس، کیمیکلز اور چاول وغیرہ میں بھی اپنی جگہ بنائی ہے اور مارکیٹ کے مزید شعبوں کو شامل کرنے کیلئے بیکس کی نئی ورائٹیز جیسے BOPP بیکس متعارف کروائے ہیں۔

توسیع کی تازہ ترین صورت حال

• پولی پروپیلین پلانٹ

سال کے اختتام پر ٹینٹری میں پولی پروپیلین پلانٹ کی تیسری لائن نصب کر دی گئی اور اس نے کام شروع کر دیا۔ یہ نیا پلانٹ M/s. BSW - Windmoller & Holscher سے خریدا گیا ہے اور یہ دنیا میں اپنی قسم کا واحد تیز ترین اور جدید ترین پلانٹ ہے۔ اس اضافہ کے سبب پہلے مرحلے میں پولی پروپیلین پلانٹ کی پیداواری گنجائش بڑھ کر 195 ملین بیکس سالانہ ہو گئی ہے۔ جب کہ 2017 میں دوسرے مرحلے میں مزید 50 ملین PP بیکس کا اضافہ ہو جائے گا۔ اس توسیع کی بناء پر کمپنی کو یقین ہے کہ وہ اور زیادہ مارکیٹ شیئر اور بہتر معاشی اہداف حاصل کر لے گی۔ اس کے علاوہ کمپنی نہایت سرگرمی سے خالی PP بیکس کی فروخت کے نئے ذرائع تلاش کر رہی ہے اور کمپنی کے آپریشنز میں اضافے کیلئے دیگر مصنوعات، جیسے چینی، کیمیکلز، زرعی اجناس اور اسی طرح کی دوسری مصنوعات کی پیکیجنگ کیلئے PP بیکس تیار کر رہی ہے۔

• پیپرسیک پلانٹ

پیپرسیک لائن کی پیداواری گنجائش میں توسیع کا کام اپنے شیڈول کے مطابق جاری ہے۔ پانچویں پیپرسیک لائن کے لئے لیٹراف کریٹ کھولا جا چکا ہے اور مقامی طور پر کاموں کی انجام دہی کیلئے عنقریب ٹینڈر جاری کر دیے جائیں گے۔ اس منصوبے کی مالیاتی سہولت کے لئے کمپنی نے ایک معروف بینک سے مسابقتی شرائط پر طویل مدت کے قرضہ کے معاملات حتمی طور پر طے کر لئے ہیں۔ اس پیپرسیک لائن کے اضافہ کے ساتھ پیپرسیک کی پیداواری گنجائش بڑھ کر تقریباً 400 ملین پیپرسیک سالانہ تک ہو جائے گی۔ انتظامیہ کو اعتماد ہے کہ یہ نیا پلانٹ مقررہ وقت پر کام شروع کر دے گا۔ امید ہے کہ اس منصوبہ کے ذریعہ رعایتی نرخوں میں کمی اور زرمبادلہ کی شرح میں استحکام کا فائدہ حاصل ہوگا۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 23 اگست 2016 میں سال ختمہ 30 جون 2016 کیلئے نقد حتمی منافع بحساب 70% (-71 روپے فی شیئر) کی تجویز دی ہے۔ یہ اس 30% (-31 روپے فی شیئر) عبوری نقد منافع کے علاوہ ہے جس کا اعلان پہلے کیا گیا تھا اس نقد منافع کیلئے ممبران کی منظوری 31 اکتوبر 2016 کو ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔

اجتماعی سماجی ذمہ داری

کمپنی اپنی اجتماعی سماجی ذمہ داری کے سلسلے میں مختلف سماجی کاموں کے اقدامات میں سرگرمی سے شرکت کرتی ہے اور کئی سماجی اور فلاحی مقاصد بشمول تعلیم اور صحت کے علاوہ دیگر شعبوں میں بھی بڑھ چڑھ کر تعاون کرتی ہے۔ اس سلسلے میں کمپنی نے کئی معروف اداروں اور این جی او جیسے آغا خان یونیورسٹی اور سٹیزن فاؤنڈیشن، پاکستان کے ساتھ اشتراک کیا ہے۔ کمپنی ہر ضرورت کے وقت میں پاکستان کے عوام کے ساتھ موجود رہتی ہے اور موجود رہے گی۔



ڈائریکٹرز کی رپورٹ برائے ممبران

بابت سال تختہ 30 جون 2016

بورڈ آف ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال تختہ 30 جون 2016 پیش کرتا ہے۔

کمپنی کا عمومی جائزہ

خور و معیشت کے ماحول میں استحکام اور ملک میں سیکورٹی کی بہتر صورتحال کی بناء پر ملک میں سیمنٹ کی مانگ میں اضافہ ہوا ہے جس کے نتیجے میں آپ کی کمپنی کے تیار کردہ سیمنٹ بیکس کی فروخت میں بھی نمایاں اضافہ دیکھنے میں آیا۔ اس سال کے دوران کمپنی نے پیداوار اور ترسیل میں بھی نئے سنگ میل عبور کئے۔ اپنی روایتی مارکیٹس میں بیکس کی فروخت کے علاوہ کمپنی نے نئی مارکیٹ کے شعبے بھی دریافت کئے جس میں PP بیکس کی برآمدات بھی شامل ہے جس کے باعث آمدنی میں مزید اضافہ ہوا۔ کاغذ اور PP بیکس کی فروخت کی تعداد میں اضافہ سے اس سال کمپنی کے مارکیٹ شیئر، فروخت کی آمدنی اور منافع پر مثبت اثرات مرتب ہوئے۔ اپنے معزز صارفین کو بہترین پیکیج کے حل کیلئے کمپنی کی جانب سے سنگل ونڈو آپریشن فراہم کرنے کی وجہ سے کمپنی کو بہتر سیلز لیول کے حصول کے ساتھ ساتھ آپریشنل اور مالیاتی کارکردگی کو بہتر بنانے میں بھی مدد ملی ہے۔

کمپنی کے اس سال اور گزشتہ سال کی نمایاں مالیاتی صورتحال ذیل میں درج ہے:

2015 - 16	2014 - 15
6,888.61	6,223.83
1,582.07	1,307.25
918.24	651.41

(پاکستانی روپے میں)

- خاص سیلز
- مجموعی منافع
- خاص منافع








مالیاتی کارکردگی

اس سال کے دوران میں کمپنی کی سیلز کی آمدنی میں تقریباً 11% یعنی 665 ملین روپے کا اضافہ ہوا۔ آمدنی میں یہ اضافہ کاغذ اور PP دونوں قسم کے بیکس کی فروخت بڑھنے کے سبب ہوا۔ اس سال کے دوران میں کمپنی نے مستعدی سے اپنے ذرائع کو مزید منظم کیا اور سیلز میں اضافہ کیلئے بیکس کی فروخت کی نئی مارکیٹس دریافت کیں جس کے نتیجے میں مارکیٹ شیئر میں بھی اضافہ ہوا۔ کمپنی ہمیشہ جدت کیلئے کوشاں ہے اور اس سال کمپنی نے اپنے صارفین کیلئے پیکیجنگ کے حل کی نئی ورائٹرز متعارف کروائیں جو بہت کامیاب رہیں۔ اسی طرح کمپنی نے نئی مارکیٹس میں داخل ہو کر PP بیکس کی برآمدات کو فروغ دیا اور دیگر مختلف صنعتوں جیسے چینی، زرعی اجناس اور کیمیکلز وغیرہ کو بھی بیکس فراہم کئے۔ ان تمام کاوشوں کے سبب کمپنی نے 2015/16 کیلئے بعد از ٹیکس 918 ملین روپے کا منافع حاصل ہوا۔



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Institute of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Important

Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi-75530 not later than 48 hours before the time of holding the meeting.

Registered folio / participant's _____
ID No. and A/c. No. _____

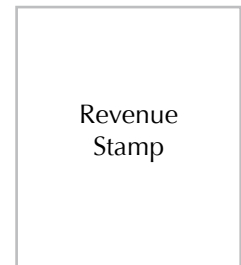
Number of shares held: _____

I / We _____
of _____
being a member of CHERAT PACKAGING LIMITED, hereby appoint _____
_____ of _____ another member of the Company as my / our proxy to
attend & vote for me / us and on my / our behalf at the 27th Annual General meeting of the Company to be held
on Monday, 31st October, 2016 at 9:00 a.m. and at any adjournment thereof.

1. Signature: _____
Name: _____
Address: _____

NIC or _____
Passport No. _____

Signature of
Shareholder



2. Signature: _____
Name: _____
Address: _____

NIC or _____
Passport No. _____

(Signature should agree with the
specimen signature registered
with the Company)

Note: SECP' circular of January 26, 2000 is on the reverse side of this form.

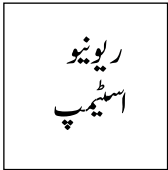
اہم نوٹ

پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جزل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہو جائے۔

رجسٹرڈ فولیو نمبر / پارٹیسپنٹ شناخت نمبر _____
 اکاؤنٹ نمبر _____

 مجموعی شیئرز _____

میں مسمی / مسماة _____ سکنہ _____
 ضلع _____ بحیثیت ممبر چیراٹ پیکیجنگ لمیٹڈ، مسمی / مسماة _____
 سکنہ _____ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ
 اور میری طرف سے کمپنی کے 27 واں سالانہ اجلاس عام بروز پیر 31 اکتوبر 2016، صبح 9.00 بجے، منعقد ہو رہا ہے، اس میں اور
 اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔



دستخط شہیر ہولڈر

گواہان

1 دستخط _____
 نام _____
 پتہ _____
 CNIC / پاسپورٹ نمبر _____

2 دستخط _____
 نام _____
 پتہ _____
 CNIC / پاسپورٹ نمبر _____

نوٹ: ایس ای سی پی کاسرکلر بتاریخ 26 جنوری 2000 منسلک ہے۔

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
STATE LIFE BUILDING, 7- BLUE AREA

Islamabad, January 26, 2000

Circular No. 1 of 2000

Sub: Guidelines for Attending General Meeting and Appointment of Proxies

The shares of a number of listed companies are now being maintained as "book entry security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instructions to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

A. Attending of meeting in person by account holders and/or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:

- (1) The company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.
- (2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.
- (3) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of Proxies

- (1) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.
- (2) The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- (3) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (4) The proxy shall produce his original NIC or original passport at the time of the meeting.
- (5) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

sd
(M. Javed Panni)
Chief (Coordination)



GHULAM FARUQUE
GROUP

Cherat Packaging Limited

Head Office

Modern Motors House

Beaumont Road

Karachi 75530 Pakistan

UAN: (9221) 111-000-009

Fax: (9221) 35683425

Email: info@gfg.com.pk

Web: www.gfg.com.pk

