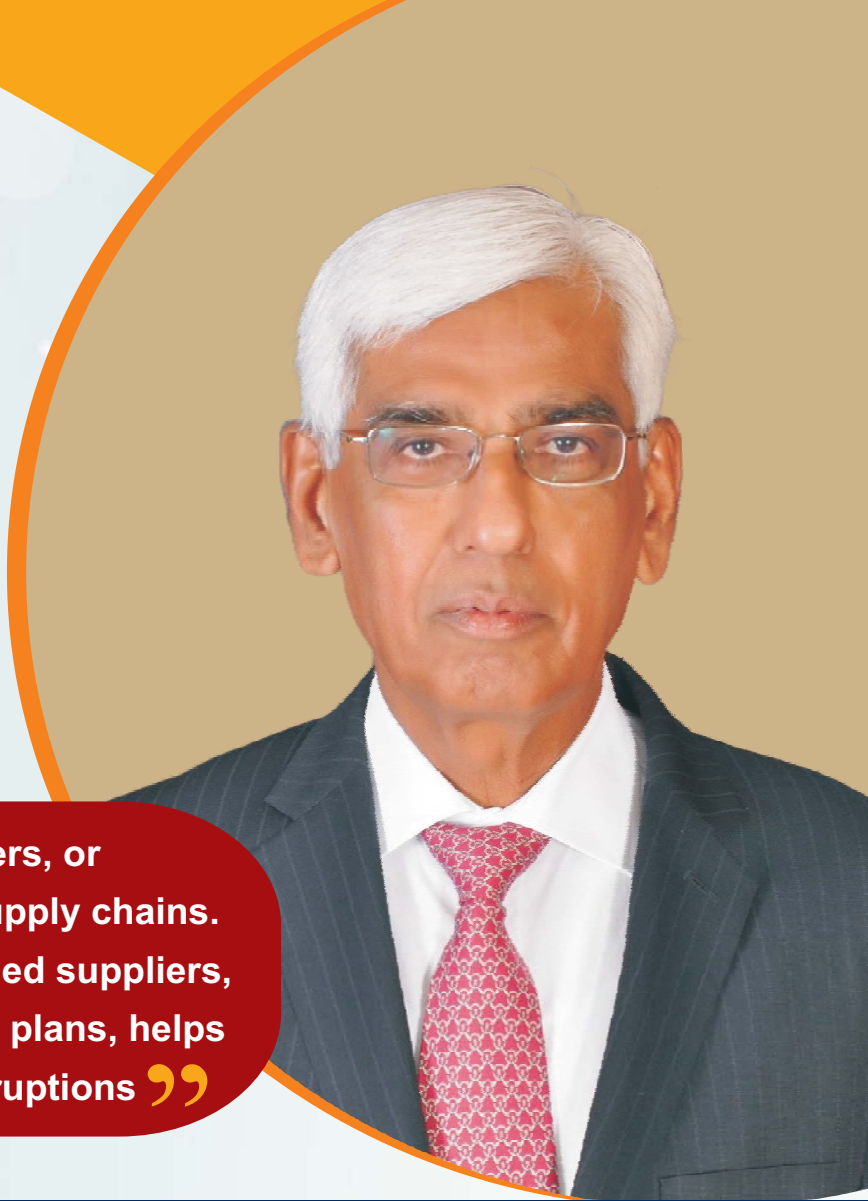


# Exclusive Interview



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

**Mr. Akbarali  
Pesnani, FCMA**  
Chairman  
Cherat Packaging Limited



“ Global events, natural disasters, or geopolitical issues can disrupt supply chains. Resilience, in the form of diversified suppliers, robust logistics, and contingency plans, helps manufacturers navigate such disruptions ”

**ICMA:** How important is resilience in Pakistan's manufacturing sector, and how has Cherat Packaging adapted to overcome recent industry challenges?

**Akbarali Pesnani:** The manufacturing sector in Pakistan, like in many other countries, faces economic uncertainties, market fluctuations, and external shocks. Resilience is crucial to withstand economic challenges and maintain sustainable operations. Global events, natural disasters, or geopolitical issues can disrupt supply chains. Resilience, in the form of diversified suppliers, robust logistics, and contingency plans, helps manufacturers navigate such disruptions. Changes in government policies, trade regulations, or taxation can impact the manufacturing sector. Resilient companies stay adaptable and responsive to policy shifts, ensuring continuity in their business operations.

Embracing technological advancements and digitalization is essential for competitiveness. Resilient manufacturers invest in technology to enhance efficiency, reduce costs, and stay innovative. Globalization exposes Pakistani manufacturers to international competition. Resilience involves continuous improvement, innovation, and the ability to compete globally.

Cherat Packaging Limited (CPL) is a prominent name in the packaging industry and is part of the Ghulam Faruque Group (GFG) company. Established in 1989, CPL started its journey by producing quality cement sacks and became the leading manufacturer of cement sacks. Since 2011, the Company entered and soon became the leading manufacturer of Polypropylene bags. During 2018, the Company yet again achieved a milestone by launching its Flexible Packaging Division. The Company acquired state-of-the-art Plant and Machinery from the most reliable manufacturers from Europe. The Company is listed on the Pakistan Stock Exchange. CPL has a number of certifications and is a recipient of various prestigious awards including the Pakistan Stock Exchange's Top Companies Award, Management Association of Pakistan's Best Company Award and ICAP & ICMAP's Best Corporate Reporting Award. CPL is the leading Company in the region to have production capability of producing from Kraft paper, Polypropylene and Flexible Packaging products. The Company is also exporting bags to different countries beside supplying bags to sugar, wheat, chemical and other sectors.

As mentioned earlier, resilience requires continuous improvement and innovation. CPL is well-known for its innovation and has introduced new products like 2-ply paper bags and lowest grammage PP bags without compromising on quality standards. CPL stands for providing its unmatched services in its new venture of Flexible Packaging. Resilience also requires having a skilled and motivated workforce. The Company focuses on employee training programs, skill development, and fostering a culture of innovation and adaptability. CPL has always explored opportunities to diversify its product to cater to changing market demands. It is probably one of the first companies in the packaging to have implemented the SAP system in Pakistan.

**ICMA: What notable trends drive the packaging industry, especially concerning innovation and sustainability?**

**Akbarali Pesnani:** It is important to note that the trends affecting an industry evolve with time and new developments. Some notable trends that are currently shaping the packaging industry include:

- Growing emphasis on sustainable and eco-friendly materials. Bioplastics, compostable materials, and recycled content are gaining popularity to reduce environmental impact. The concept of a circular economy, where materials are reused, recycled, or repurposed, is driving packaging design and companies are focusing on creating packaging that fits within a circular model.
- With the rise of e-commerce, packaging is evolving to be more durable, space-efficient, and aesthetically pleasing. Companies are investing in packaging solutions that protect products during transit while minimizing waste. Sustainable packaging solutions for e-commerce, such as minimalistic designs, recyclable materials, and right-sized packaging, are gaining traction.
- Packaging is increasingly personalized to cater to consumer preferences. Customized packaging, from colours to messaging, helps brands stand out and creates a unique consumer experience.
- Brands are using packaging as a storytelling tool, conveying their values and commitment to sustainability. Transparent communication about sourcing and production practices is becoming more common.
- Minimalist and lightweight packaging designs aim to reduce overall packaging waste. This trend aligns with consumer preferences for simplicity and environmental safety.

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- Packaging is incorporating features that enhance convenience for consumers, such as resealable closures, easy-open designs, and single-serve options.
- Regulatory requirements for clear and accurate labelling are driving increased transparency in packaging. Consumers are looking for information about ingredients, sourcing, and ethical practices.
- Packaging is being designed to enhance the freshness and shelf life of products, especially in the food and beverage sector. Innovative packaging solutions focus on preserving nutritional value and minimizing food waste.
- Many companies are actively working to reduce or eliminate single-use plastics. Alternatives such as plant-based plastics, paper-based packaging, and reusable options are being explored.

**ICMA: How critical are the partnerships with cement manufacturers for Cherat Packaging's growth and strategies?**

**Akbarali Pesnani:** Partnership with cement manufacturers allows Cherat packaging Limited (CPL) to integrate with the supply chain of the construction industry. This integration led to more efficient logistics, better forecasting, and synchronized production schedules. Collaborating closely with cement manufacturers enables CPL to understand the specific needs and requirements of the cement industry. This understanding facilitates the development of tailored packaging solutions that meet the demands of cement products, ensuring durability and protection during transport and storage.

We believe that partnerships provide opportunities for joint innovation and product development. By collaborating closely with cement manufacturers, CPL creates innovative packaging designs and materials that enhance the performance, sustainability, and cost-effectiveness of packaging solutions for cement products.

Furthermore, close relationships and partnerships offer insights into market trends, challenges, and opportunities within the construction and cement industries. This information is valuable for CPL in adapting its strategies, developing new products, and staying ahead of market dynamics. Ultimately, partnerships with cement manufacturers for CPL open doors to new geographic markets or segments within the construction industry. This expansion diversifies the customer base and contributes to overall business growth. In short, the relationship with cement manufacturers is of great importance and is critical to our success.

**ICMA: What major challenges does the packaging sector face, and how does Cherat Packaging tackle them?**

**Akbarali Pesnani:** There are always challenges in any business and packaging is no exception. The idea and strategy should be to convert these challenges into an opportunity. Some of the recent challenges include:

- a) Fluctuations in the costs of raw materials, such as plastics and paper, impacting production costs and profit margins.
- b) Global events, geopolitical issues, and disruptions in the supply chain impact the availability of raw material and logistics, which could disrupt production and delivering schedules.
- c) Rising energy costs has an obvious impact on cost of production, reducing the profitability of the company.
- d) Fluctuation in exchange rates has a direct impact on the Company's profitability. Further, it becomes challenging for the Company to plan its future order and inventory.
- e) Any increase in raw material costs or increase in volume of raw material stock or debts may limit the avenues for availability of sufficient working capital.
- f) Restrictions by the government hamper the imports of raw materials.

Cherat Packaging addresses these challenges through a combination of the strategies such as:

- Ongoing investment in sustainable packaging solutions.
- Continuous innovation in response to changing market trends.
- Adoption of advanced technologies for automation and efficiency.
- Proactive supply chain management to mitigate disruptions.
- Collaboration with industry associations, and chamber of commerce to navigate regulatory complexities.

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- Flexible manufacturing processes to accommodate changing demands.
- Strategic partnerships to enhance competitiveness.
- Regular engagement in market research to understand consumer preferences.
- Digitalization of process and investment in Human Resources.

**ICMA: What strategies does Cherat employ to ensure consistent quality in its packaging materials?**

**Akbarali Pesnani:** Cherat Packaging Limited (CPL) maintains strong relationships with reliable and quality-focused suppliers. This includes working closely with suppliers to ensure the consistency and quality of raw materials used in the production of packaging materials. CPL align its quality control measures with relevant industry standards and certifications. Adhering to established standards ensures that the packaging materials meet regulatory requirements and industry benchmarks.

CPL has always invested in advanced technologies and equipment to enhance the efficiency of its manufacturing processes. The Company acquired state-of-the-art Plant and Machinery from the top manufacturers from Europe. Quality control systems contribute to more consistent and accurate results.

Ongoing training programs for employees, particularly those involved in quality control and production, are crucial. Well-trained staff is better equipped to identify and address quality issues proactively.

CPL use process control techniques to monitor and analyze production processes. It helps identify variations and deviations, allowing for timely corrective measures to maintain consistency.

Our Company maintains open lines of communication with customers to gather feedback on the performance of its packaging materials. This feedback helps identify areas for improvement and ensures that customers and industry expectations are met. Embracing a culture of continuous improvement is vital. Regular assessments, feedback loops, and improvement initiatives based on data analysis contribute to refining processes and ensuring consistent quality.

Last but certainly not least, achieving and maintaining relevant certifications, such as ISO standards, Quality Management System (QMS), Food Safety System Certification (FSSC), and Halal Certifications demonstrates our commitment to quality. Regular internal and external audits are conducted to verify compliance with these standards which ensure that the customer receives the desired product with quality assurance.

**ICMA: How does Cherat Packaging maintain its competitive edge in the market?**

**Akbarali Pesnani:** Cherat Packaging Limited (CPL) employs a combination of strategies to stay competitive. These strategies are applicable to various areas such as product innovation, operational efficiency, customer relationships, and market positioning. The journey of CPL is marked with HI TORQUE that defines its competitive edge it has developed over the years. Few competitive edges are:

- 1) **Human Capital** - CPL's success is driven by its well qualified, trained and dedicated team. Cherat Packaging believes in efficient HR management, training and development, performance measurement and talent recognition. It has diversified employee base with hundreds of man-hour training and on job experience.
- 2) **Product Innovation** - CPL has always been front runner in product innovation and product development. CPL's 2ply bags and lowest gram PP bags are unmatched with respect to price and quality.
- 3) **Unmatched Production facility** - CPL's production facility includes state-of-the-art latest machinery procured from top European companies. This facility enables the Company to produce finest quality packaging material for its customers.
- 4) **Outstanding Customer support** - CPL values its customers as business partners. The Company envisages its success in the success of its customers. Cherat Packaging regularly holds meetings with its customers for their specific requirements and helps them in development of new product packaging.

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- 5) **Top Suppliers** - CPL believes in procuring best quality raw material from top suppliers. The Company sources its core raw material from leading international supplier while local material is sourced from various local suppliers after robust quality checks at our state-of-the-art lab.
- 6) **Regular Expansions** - CPL has been expanding exponentially over the last decade. With a humble start of 1 tuber and 1 bottomer in 1992, the Company is now a leading packaging company.
- 7) **Quality** - Cherat Packaging pledges not to compromise on quality. Today, quality and CPL are synonymous in packaging industry.
- 8) **Economies of Scale** - Being the leading Company to contain facility of Kraft paper bags, Polypropylene bags and Flexible Packaging Material, the Company enjoys economies of scale. Many functions of the Company fall under common umbrella significantly economizing and reducing cost.

**ICMA: In what ways has your CMA qualification positively impacted Cherat Packaging's operations?**

**Akbarali Pesnani:** The Institute of Cost and Management Accountants of Pakistan (ICMAP) is the driving force behind the profession of Management Accounting in Pakistan, and my CMA qualification added value to Cherat Packaging operation in following functional areas:

- 1) **Cost Management:** The qualification helped added focus on cost management and optimization of resources. This qualification helps in identifying cost-saving opportunities, improving cost structures, and enhancing overall operational efficiency.
- 2) **Strategic Costing Models:** CMAs are skilled in developing strategic costing models. This assists Cherat Packaging in accurately determining the costs associated with various products and services, facilitating informed pricing decisions.



- 3) **Financial Management:** CMAs are also equipped with expertise in financial planning, analysis, and control. This qualification contributes to effective financial management, budgeting, and resource allocation within CPL operations.
- 4) **Strategic Decision-Making:** CMAs are trained to analyze financial data and contribute to strategic decision-making. This positively impacted CPL operations by providing insights into investment decisions, market strategies, and resource allocation.
- 5) **Performance Evaluation:** CMAs possess skills in performance measurement and evaluation. They contribute to setting performance benchmarks, monitoring key performance indicators (KPIs), and assessing the efficiency of operations.
- 6) **Risk Management:** The CMA qualification includes knowledge of risk management. CMAs assist in identifying and mitigating financial risks, ensuring that Cherat Packaging operates in a stable and secure financial environment.
- 7) **Compliance and Governance:** CMAs are well-versed in financial regulations and governance principles. The qualification ensure that Cherat Packaging complies with relevant financial and accounting standards, fostering good governance practices.
- 8) **Internal Controls:** CMAs are knowledgeable about internal control systems. This expertise contributes to establishing and maintaining robust internal controls within Cherat Packaging, reducing the risk of financial irregularities.

**ICMA:** Could you share key leadership principles that have been crucial in your journey to Chairman, and advice for aspiring CMAs in manufacturing?

**Akbarali Pesnani:** Key leadership principles that are often crucial for individuals in high-level leadership positions may vary based on personal experiences and organizational contexts. However, there are common ground rules which I have summarized below:

Successful leaders, including Chairmen, often have a clear and compelling vision for the organization's future. They inspire and guide the team towards achieving long-term goals. They are essentially involved in setting the strategic direction of the organization. Strategic thinking involves anticipating market trends, identifying opportunities, and making informed decisions to position the company for success. They must communicate the organization's vision, values, and goals effectively to stakeholders, including the board, executives, employees, and shareholders. Clear and transparent communication fosters trust and alignment.

Making timely and well-informed decisions is a critical leadership skill. Chairmen often face complex issues and must navigate uncertainties with decisiveness. Upholding high ethical standards is crucial for leaders at the highest levels. They set the tone for ethical behaviour throughout the organization, influencing the corporate culture.

Chairmen play a vital role in board's governance. They facilitate board meetings, ensure effective communication between board members, and oversee governance processes to promote accountability and transparency. Successful Chairmen understand and manage relationships with various stakeholders, including shareholders, employees, customers, regulators, and the community. Balancing the interests of different stakeholders is a key aspect of effective leadership. The business landscape is dynamic, and successful Chairmen must be adaptable to change. Encouraging innovation and fostering a culture of continuous improvement contributes to long-term success.

Chairmen also play a key role in succession planning for both executive leadership and the board level. Developing talent ensures the organization's stability and future success.

Advices for aspiring CMAs in manufacturing sectors, based on my experience in various leadership positions with Ghulam Faruque Group, Federal Government and the Aga Khan Development Network including 9 years as Diplomat Representative Overseas, could be summarized as follows:

- Be humble in your success.
- Respect and look after your parents and respect Time.
- Maintain and follow defined ethical principles. Never compromise organization's benefits for self-interest.
- Always work as a team and not lone ranger. (We rather 'I')
- Invest in continuous education and remain updated on industry specific knowledge.
- Share experiences and knowledge with colleagues and staff.
- Be upto speed with development in technology and digitalization.
- Ensure compliance with regulatory requirements and code of corporate governance.
- Remain mentally and physically fit by engaging in social / voluntary work and participating in sporting and extra-curricular activities.
- Develop the habit of giving back to the communities and helping/supporting under privileged members of the society and you will always be rewarded.

*The Editorial Board thanks **Mr. Akbarali Pesnani, FCMA, Chairman, Cherat Packaging Limited** for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.*