

CHERAT CEMENT COMPANY LIMITED

MODERN MOTORS HOUSE, BEAUMONT ROAD, KARACHI-75530, PAKISTAN.
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Ghulam Faruque
Group

October 28, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road,
Karachi.

Dear Sir,

FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2024

We have to inform you that the Board of Directors of the Company in its meeting held on Monday, October 28, 2024 at 2:30 p.m. at the Head Office of the Company at Modern Motors House, Beaumont Road, Karachi, has recommended the following:

- I. CASH DIVIDEND
NIL
- II. BONUS SHARES
NIL
- III. RIGHT SHARES
NIL
- IV. ANY OTHER ENTITLEMENT/CORPORATE ACTION
NIL
- V. ANY OTHER PRICE SENSITIVE INFORMATION

The financial results of the Company for the period ended September 30, 2024 along with Directors' Review are annexed herewith.

The Quarterly Report of the Company for the period ended September 30, 2024 will be transmitted through PUCARS separately within the specified time.

Yours sincerely,
For Cherat Cement Co. Limited

Asim H. Akhund
Company Secretary

Encl.: as stated above



CHERAT CEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023 (Restated)
	----- (Rupees in '000) -----	
Turnover - net	9,659,012	10,071,489
Cost of sales	(5,792,199)	(6,999,807)
Gross profit	<u>3,866,813</u>	<u>3,071,682</u>
Distribution costs	(207,870)	(163,661)
Administrative expenses	(148,889)	(128,174)
Other expenses	(180,192)	(122,869)
	<u>(536,951)</u>	<u>(414,704)</u>
Other income	348,418	48,120
Operating profit	<u>3,678,280</u>	<u>2,705,098</u>
Finance costs	(155,209)	(424,534)
Profit before income tax and final taxes	<u>3,523,071</u>	<u>2,280,564</u>
Final taxes	(53,147)	(21,002)
Profit before income tax	<u>3,469,924</u>	<u>2,259,562</u>
Income tax		
Current	(1,262,206)	(260,105)
Prior	720,959	-
Deferred	(50,817)	(466,396)
	<u>(592,064)</u>	<u>(726,501)</u>
Profit after tax	<u><u>2,877,860</u></u>	<u><u>1,533,061</u></u>
Earnings per share - basic and diluted	<u><u>Rs. 14.81</u></u>	<u><u>Rs. 7.89</u></u>

Asim H. Akhund
Company Secretary



CHERAT CEMENT COMPANY LIMITED **DIRECTORS' REVIEW**

The Board of Directors is pleased to present the un-audited financial results of the Company for the first quarter ended September 30, 2024.

Overview

Pakistan's economy moved towards stability in the latter part of FY2024, with lower inflation, improved current and fiscal accounts deficit, and a stable exchange rate. Moreover, the external account also improved due to a constrain on imports, while exports and remittances also increased. This trajectory is expected to continue in the later part of the financial year. To further strengthen stability, government has finalized a deal with IMF on a 37-month extended fund facility Arrangement (EFF) for \$7 billion. Moreover, in line with the downward trend of inflation, SBP has further reduced the discount rate by 200 basis points to 17.5%. International oil prices have come down in view of fears of global recession which has given some fiscal space to the government. However, rising tensions in the Middle East could further disrupt supply chains, leading to higher oil and commodities prices. Pakistan is particularly vulnerable to these supply-side shocks.

In the Federal Budget 2024-25, the government significantly increased taxation in general, but especially for the cement sector. Protest by cement and other retailers during this quarter on account of new measures introduced in the Budget, low developmental spending by the government, and political uncertainty badly impacted the domestic demand for cement during this quarter. Despite these challenges, the Company continued its efforts toward enhancing efficiencies and reducing leverage to ensure long-term growth and stability.

During the period under review, domestic demand for cement decreased by 19.7%. However, exports continued to grow and increased by 22.3%, driven mainly by a 23.3% rise in exports via the sea. Furthermore, exports to Afghanistan grew by 18.4%. As a result, the overall industry demand declined by 13.5% during this quarter.

Dispatches

Comparative dispatch figures of the Company for the current period and that of the corresponding period last year are as follow:

Description	September 2024	September 2023
	(in Tons)	
Domestic Sales	442,168	571,910
Export Sales	146,119	127,421
	588,287	699,331

In quantitative terms, the company's total sales volume dropped by 16%, with domestic sales declining by 23% and exports rising by 15% from the corresponding period last year.

Operating Performance

Sales revenue of the Company decreased by 4% mainly due to reduction in cement dispatches despite increase in sales price as an adjustment to higher input costs. Furthermore, cost of sales decreased by 17%, due to lower Cement and Clinker production by 10% and 6% respectively as compared to same period last year. Production cost also increased due to higher power cost and other fixed overheads. The Company has implemented measures to enhance operational efficiency by optimising coal and power mix, to offset the increasing production costs. There was substantial decrease in finance cost mainly due to scheduled and

early repayments of long-term loans made in the preceding financial year. Surplus liquidity has yielded additional returns. As fully explained in note no. 11.2 to these condensed interim financial statements, management decided to record the tax credit of Rs. 720 million pertaining to section 65 B of the Income tax Ordinance 2001 based on a recent Supreme Court order. As a result, the Company posted an after-tax profit of Rs. 2,878 million for the first quarter of this financial year.

Future Outlook

In the fiscal year 2024-2025, Pakistan may face a range of socio-economic challenges, including rising prices, stagnant income levels, and increasing taxes and utility costs. Recent hikes in taxes and federal excise duties (FED) are anticipated to suppress domestic demand, posing short-term growth obstacles for the cement sector and the wider business community. Despite these immediate challenges, the long-term outlook remains optimistic as the government has secured a new IMF program, a move expected to stabilize the country's economic conditions. Early indicators suggest that inflation may further ease, and interest rates could further decline, fostering a more favorable economic environment. Additionally, the government's increased allocation to the Public Sector Development Program (PSDP) may bring optimism for growth in the cement industry, which stands to benefit from enhanced infrastructure spending.


For the cement sector specifically, domestic sales are projected to remain relatively subdued in the near term. Nonetheless, significant growth opportunities are anticipated from exports. Demand for cement in Afghanistan which is our relevant export market is expected to remain strong. However, political issues may cause disruptions.

In response to the rising costs of coal and energy tariffs, the Company is focused on adopting an optimal fuel mix, including alternative energy sources, to mitigate the impact of these escalating expenses. Work on installation of additional 9 MW solar power plant is going on full speed and will be operational in third quarter of this financial year. Furthermore, the Company remains committed to investing in cost-effective production technologies to improve shareholders' value and optimize working capital.

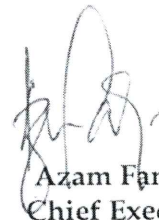
Acknowledgment

The management would like to thank all customers, financial institutions, suppliers and staff members who have been associated with the Company for their support and cooperation.

On behalf of the Board of Directors



**Omar Faruque
Chairman**



**Azam Faruque
Chief Executive**

Karachi: October 28, 2024