Cherat Cement Company Limited

Analyst Briefing Takeaways

REP-300

- **Arif Habib Limited conducted an analyst briefing session with Cherat Cement Company Limited (CHCC) management to discuss the company's FY25 financial performance and FY26 outlook.**
- In FY25, CHCC reported profitability of PKR 8.7bn (EPS: PKR 44.3), marking a 58% YoY increase from PKR 5.5bn (EPS: PKR 28.1) in FY24, highest-ever profitability in the company's history. The company maintained its total annual dividend at PKR 5.5/share.
- In FY25, overall domestic demand declined by 5% YoY, whereas export volumes improved, resulting in a marginal drop in total dispatches. In 1QFY26, local demand rebounded following the resolution of dealer strikes and tax-related disruptions in the previous year. Management expects FY26 local demand growth of around 5–7%.
- Higher retention prices (+PKR 1,188/ton) and cost optimization helped offset weaker volumes. Average retention prices during FY25 stood at PKR 15.0k–15.5k/ton, while export retention averaged around USD 45/ton (FOB). Packaging cost remains at approximately PKR 40/bag.
- The company's renewable energy portfolio (solar + WHR) stands at ~45MW following the addition of 9MW solar capacity in FY25. Management continues to explore further renewable expansion, including potential biomass and battery-storage solutions.
- Cherat Cement Limited (CHCC) operates three lines at its Nowshera, KPK plant, with a total capacity of 4.5mn tons. Line-3 operated throughout the year, while Line-2 remained partially functional due to load management.
- Due to higher gas levies and furnace-oil tariffs, CHCC shifted its generation mix from captive gas to furnace oil and subsequently to grid supply. Average PEDO tariff currently stands around PKR 9/unit, while the effective all-in rate (including levies and adjustments) is estimated at PKR 12–13/unit.
- Liquidity position strengthened, with cash deposits rising from PKR 12.5bn (Jun'25) to PKR 15.2bn (Sep'25). The company carries no commercial debt and generated PKR 1bn in other income through mutual-fund investments.
- Management remains optimistic on resolution of the Punjab royalty case, similar to the KPK settlement, while continuing to maintain full provisioning.
- CHCC holds land for potential greenfield expansion at D.I. Khan, along with brownfield capacity at the existing site. Industry utilization averages 60–65%; management will consider expansion once sustained demand recovery is visible.
- The company remains focused on efficiency improvement, renewable expansion, and cost optimization to sustain profitability in FY26 amid stable macroeconomic conditions and easing inflation.

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