

CHERAT PACKAGING LIMITED

SEPTEMBER 12, 2019



Papersack



Polypropylene



Flexible
Packaging

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GHULAM FARUQUE
GROUP

THE FOUNDER – LATE MR. GHULAM FARUQUE (CIE, HPK, OBE)



- A visionary and highly respected name in industry circles
- Spearheaded development of Pakistan's industry and laid the foundation of country's industrialization.

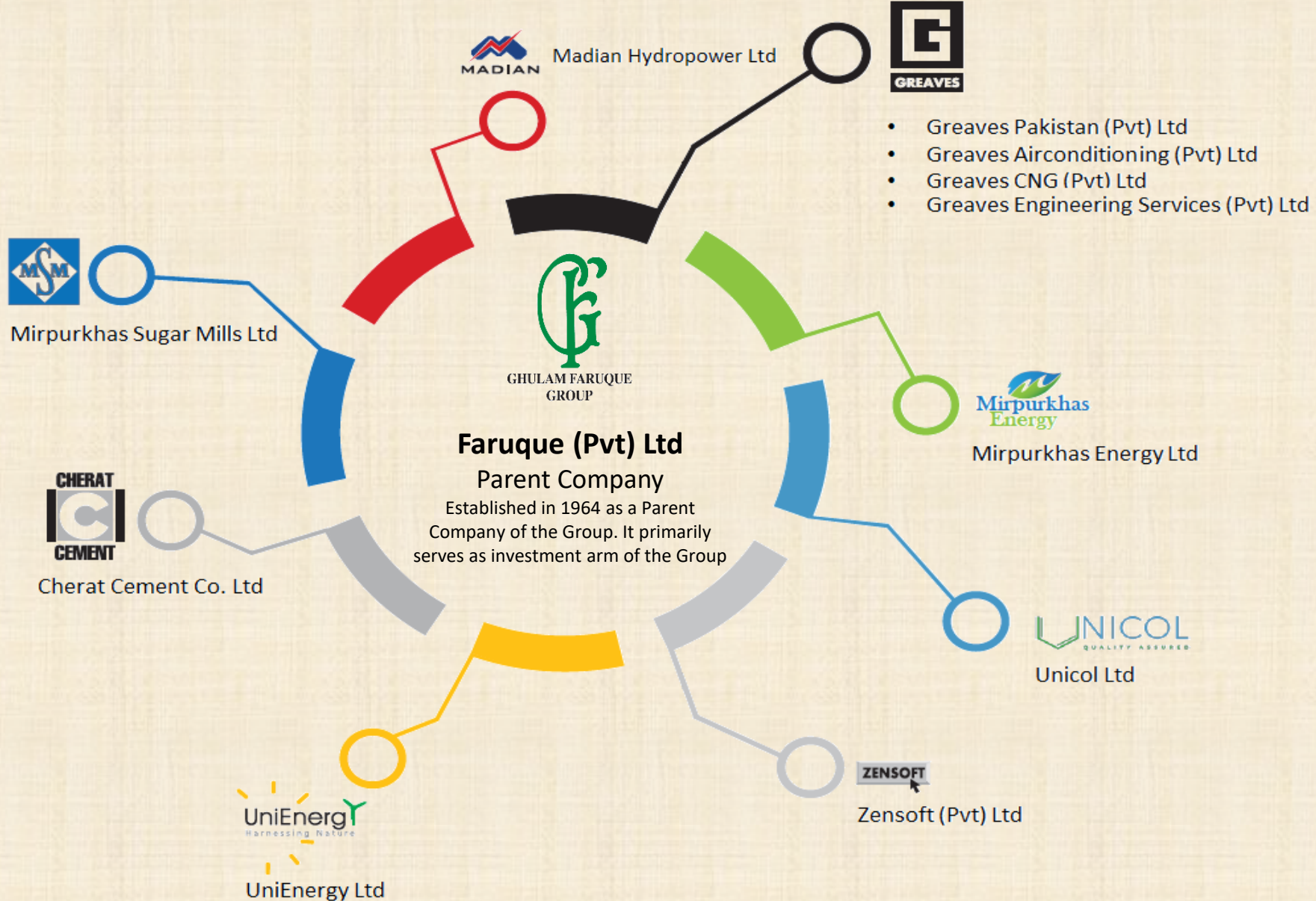
HONOURS CONFERRED

- Office of the Order of the British Empire, 1944
- Companion of the Order of the Indian Empire, 1946
- Commander of the Order of Merit, Spain, 1956
- Hilal-e-Pakistan, 1958 (highest-ranking civilian award of Pakistan)
- Honorary Doctorate of Science, West Pakistan University of Engineering and Technology, 1966
- Fellow of the Chartered Institute of Transport, London
- Member of the Association of Iron and Steel Engineers, USA



GHULAM FARUQUE
GROUP

GROUP STRUCTURE





GHULAM FARUQUE
GROUP

GROUP TURNOVER & ASSETS



Group Revenue exceeds Rs. 50 billion



Group Assets exceeds Rs. 55 billion



Over 4,000 direct and indirect employees



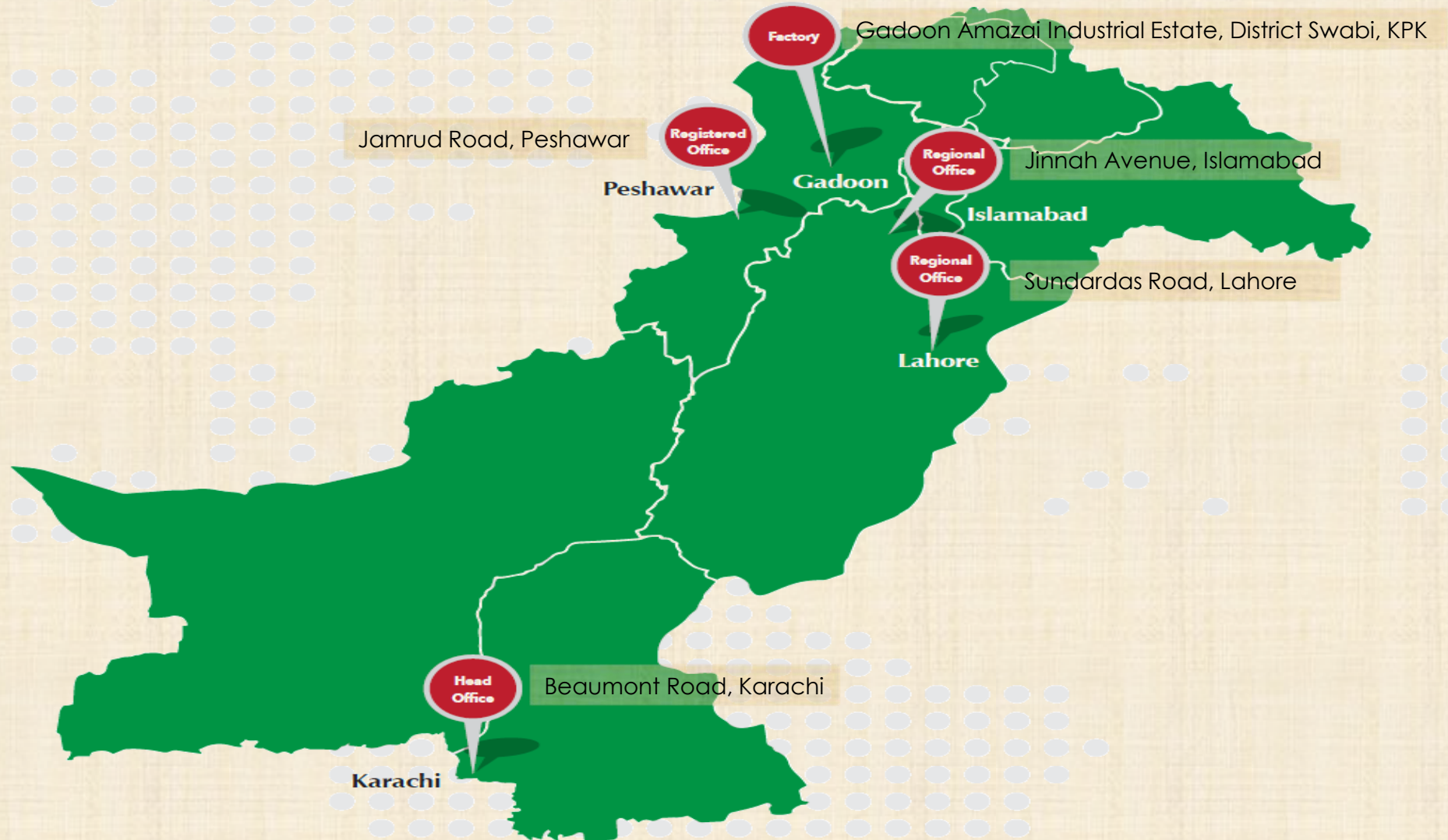
GHULAM FARUQUE
GROUP

OUR VALUES



**LIVE VALUES
BUILD CULTURE**

COMPANY LOCATIONS



GLOBAL REACH

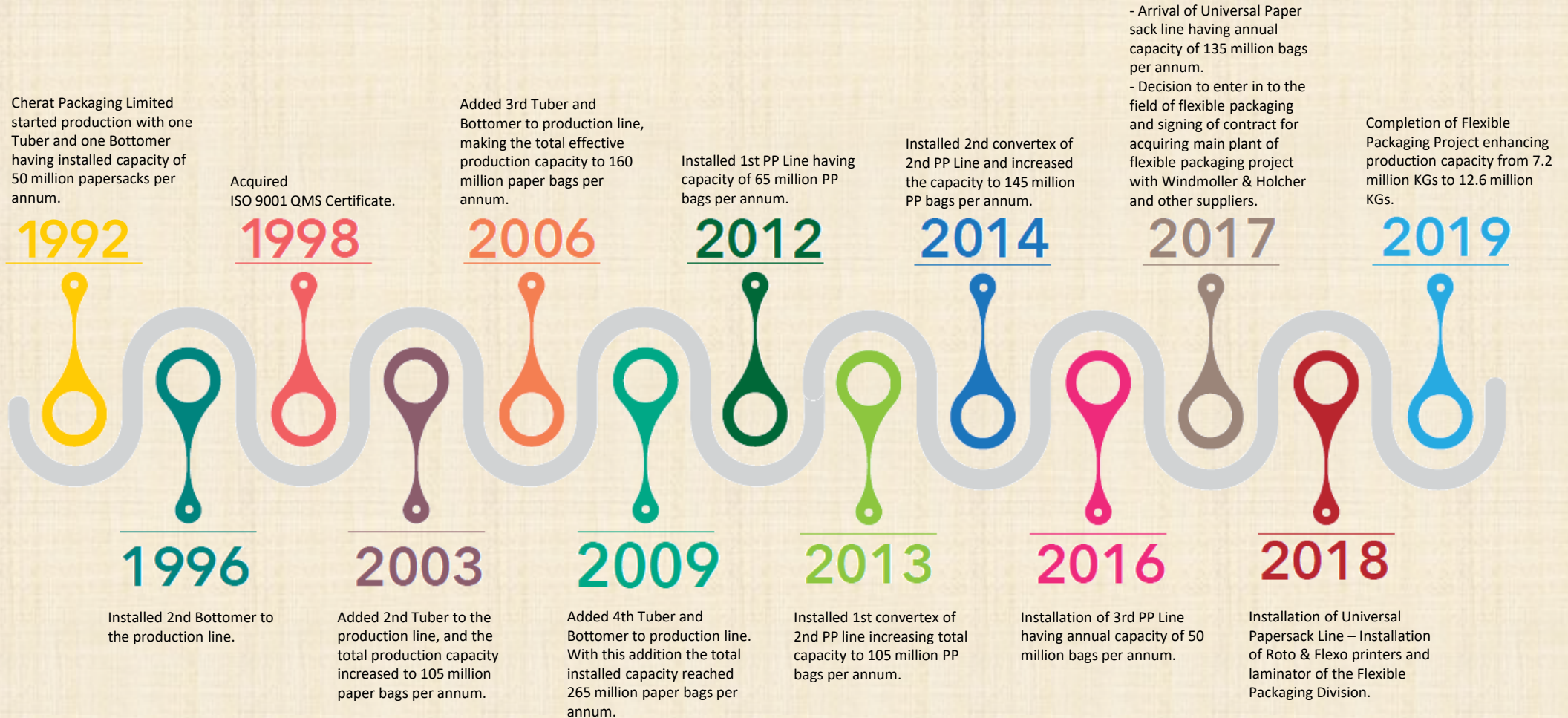


AWARDS AND RECOGNITION

- Earning 1st award since 2014 in Best Corporate and Sustainability Report Award
(Jointly conducted by ICAP and ICMAP)
- Earned overall 1st position in 2018 as best report in BCSR awards
- Won best Company award from Pakistan Stock Exchange in the year 2018
- Won Corporate Excellence Award consecutively for two years on account of Best Management Practices by Management Association of Pakistan
- Certificate of Merit on Good Governance by SAFA



JOURNEY AT A GLANCE



CERTIFICATIONS

CERTIFICATIONS OBTAINED



CERTIFICATIONS IN PROCESS





PAPERSACK

Key features:

- Major Plant Suppliers and strategic partners



- 5 production lines
- Production capacity of 400 million bags per annum
- Exclusive rights of high quality Kraft Paper from Mondi Packaging
- Recent expansion of Universal Papersack line in October 2017 (can produce bags of various kinds and sizes)
- Highest production capacity among competitors.
- Market leader in paperbags sale





POLYPROPYLENE

Key features:

- Major Plant Supplier and strategic partner



Windmüller & Hölscher

- 3 production lines
- Production capacity of 195 million bags per annum
- Recent expansion of 5th Convertex in 2017
- One of the highest production capacity among competitors
- Produces lowest weight bags in the world (High quality / low cost)



FLEXIBLE PACKAGING – the new venture



- Production facility of 8 acres. Sufficient to install three production lines.
- Production started in June & October 2018.

FLEXIBLE PACKAGING



Key features:

- Major Plant Suppliers



- State-of-the-art production line
- Extrusion, Laminator, Rotogravure, Flexographic printing, Cylinder & plate making
- Only Company to enter with full equipment from top to bottom
- Production capacity of 12.60 million Kg per annum
- Investment of over Rs. 2.5 billion



CORPORATE SOCIAL RESPONSIBILITY



- Community investment & welfare schemes through donation to education and health sectors
- National cause donations for the flood victims and IDPs
- Rural development program & employment of special persons
- Partnering with various NGOs like The Aga Khan University and The Citizens Foundation

KEY HIGHLIGHTS

2019		2018		2017		2016		2015		2014	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%

STATEMENT OF PROFIT OR LOSS

Turnover - net	8,093,407	14%	7,091,653	10%	6,443,932	-6%	6,888,605	11%	6,223,832	16%	5,355,792	30%
Gross profit	1,400,649	28%	1,098,332	-13%	1,256,478	-21%	1,582,067	21%	1,307,251	116%	606,600	39%
Operating profit	1,166,634	31%	893,145	-14%	1,037,061	-25%	1,380,395	22%	1,132,788	129%	494,810	49%
Profit / (loss) before taxation	660,080	-14%	764,883	-21%	972,943	-26%	1,307,991	42%	922,635	243%	268,801	53%
Profit / (loss) after taxation	562,873	-21%	711,079	1%	702,049	-24%	918,239	41%	651,411	159%	251,486	112%

STATEMENT OF FINANCIAL POSITION

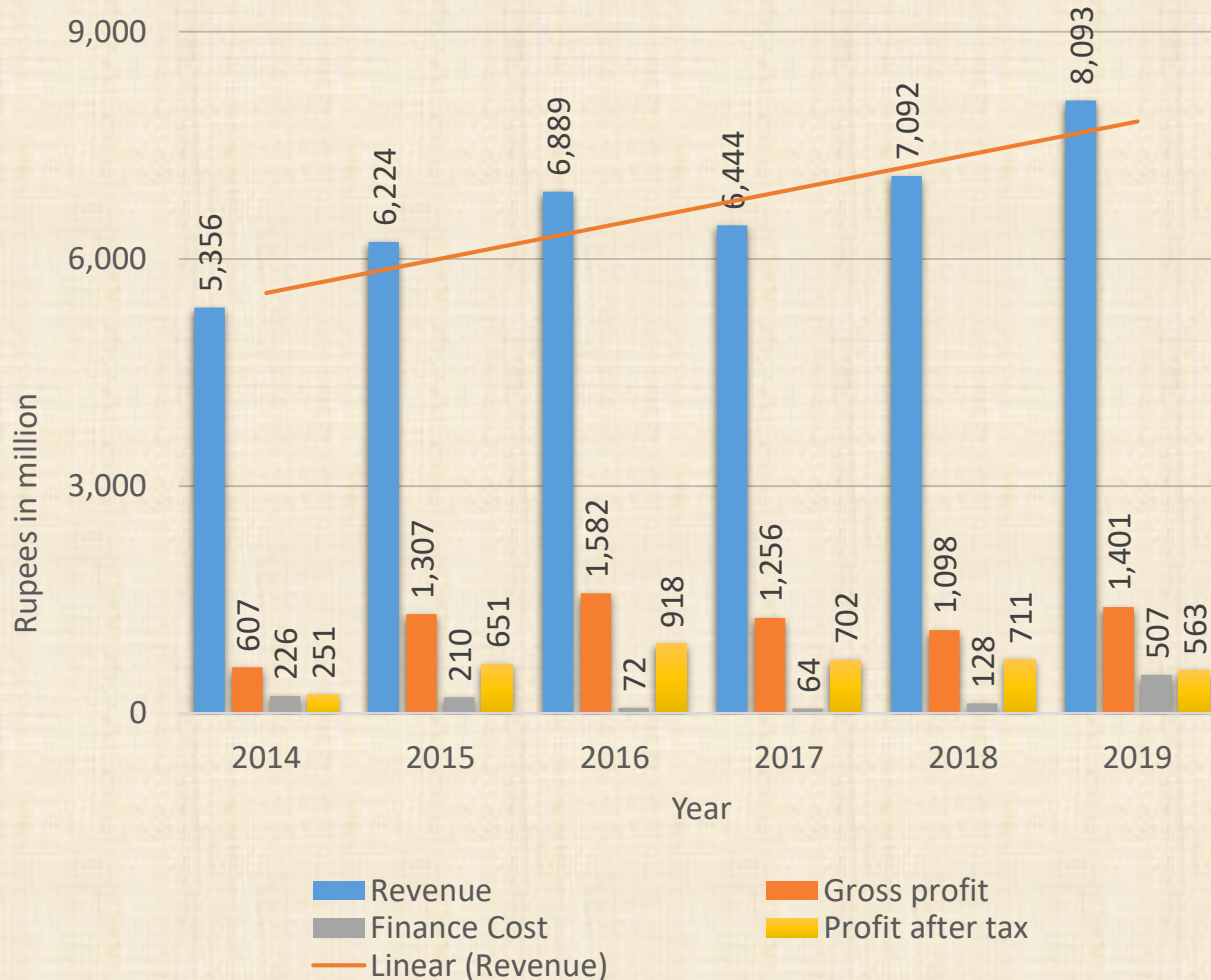
ASSETS

Non-Current Assets	5,328,751	1%	5,273,537	95%	2,703,235	24%	2,174,501	23%	1,765,831	17%	1,511,414	6%
Current Assets	6,022,692	47%	4,095,137	43%	2,863,159	14%	2,510,213	15%	2,176,458	-5%	2,295,302	7%
Total Assets	11,351,443	21%	9,368,674	68%	5,566,394	19%	4,684,714	19%	3,942,289	4%	3,806,716	7%

EQUITY AND LIABILITIES

Share Capital and Reserves	4,466,238	-1%	4,516,005	12%	4,016,877	21%	3,316,291	51%	2,198,965	59%	1,385,242	14%
Non-Current Liabilities	3,033,486	1%	2,997,929	287%	774,085	76%	440,975	-46%	816,728	5%	780,000	70%
Current Liabilities	3,851,719	108%	1,854,740	139%	775,432	-16%	927,448	0%	926,596	-44%	1,641,474	-13%
Total Equity and Liabilities	11,351,443	21%	9,368,674	68%	5,566,394	19%	4,684,714	19%	3,942,289	4%	3,806,716	7%

PROFITABILITY



LAST SIX YEARS

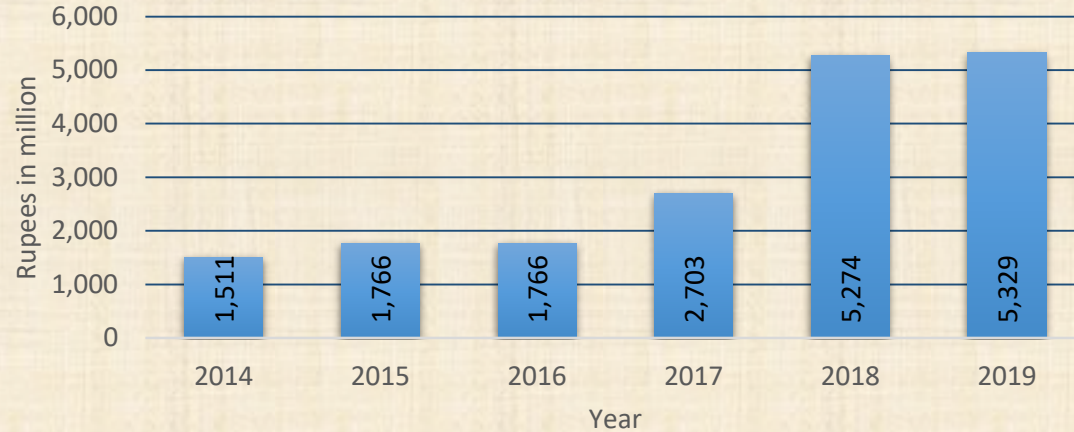
- Main drivers
 - Higher production / sales
 - Price appreciation / inflation
 - Diversification & new products
 - Initiation of Flexible Packaging Division (2019)
 - Devaluation of Pak rupee curtailed high growth
 - High discount rates increased finance cost (296%)

THIS YEAR

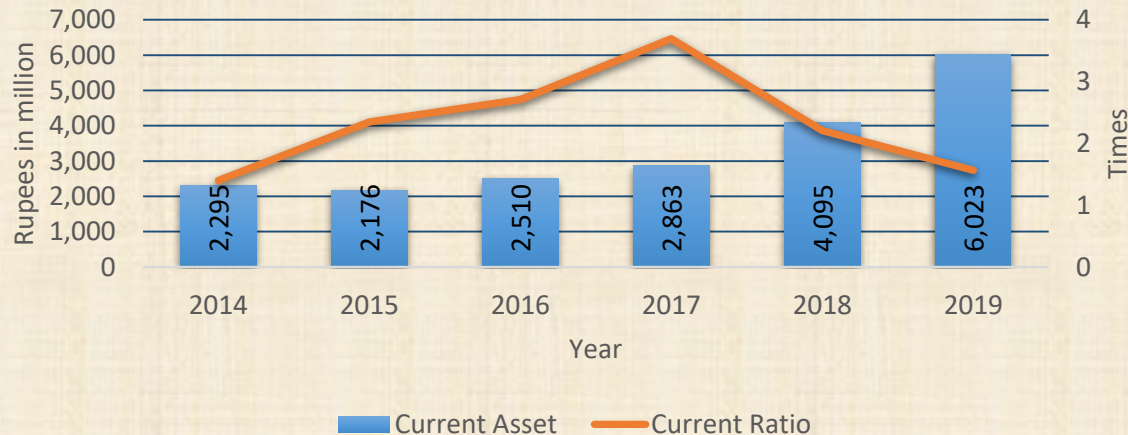
- Main drivers
 - Price appreciation / inflation
 - Flexible Packaging operations
 - Slash on tax credit u/s 65B of IT Ordinance 2001 in Finance Act 2019
 - Finance Cost increased due as a result of increased discount rates

ASSETS

Fixed Assets



Current Assets



LAST SIX YEARS

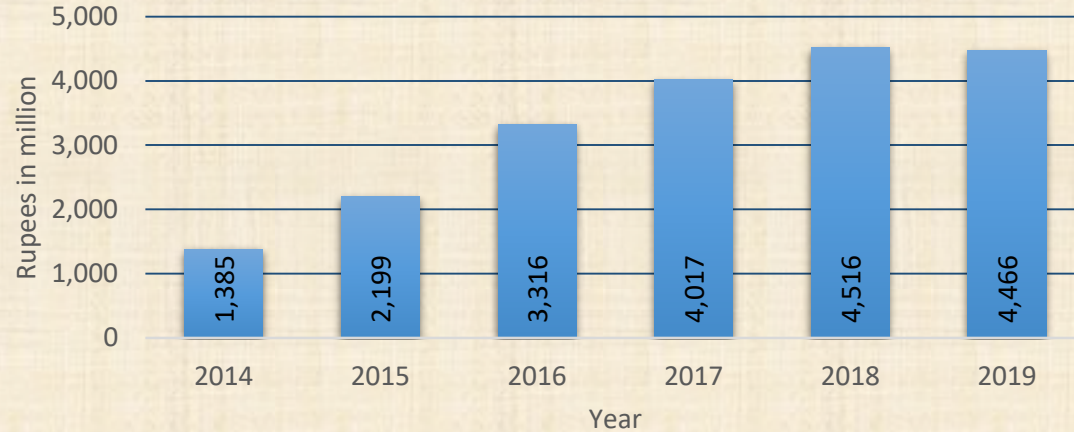
- Continuous expansion over the last 6 years
- Fixed assets grew from Rs. 1.51 billion to 5.33 billion
- Main drivers
 - Installation of new PP lines
 - Installation of Universal Papersack line
 - Initiation of Flexible Packaging Project
 - Higher utilization of running finance due to increased operations
 - Higher Stock in Trade level to meet increased operations

THIS YEAR

- Installation of remaining machinery of FPD
- Main drivers
 - Installation of Extrusion, Cylinder making, Laminator
 - Stock level increased, Sales tax on imported machinery

EQUITY & LIABILITIES

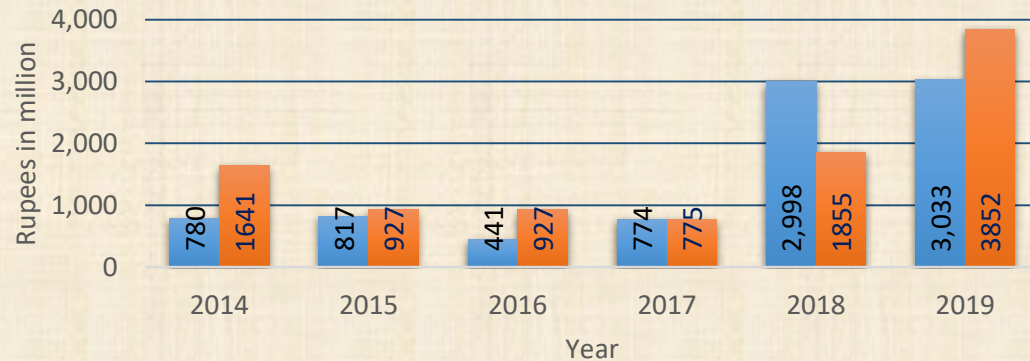
SHAREHOLDERS EQUITY



LAST SIX YEARS

- Continuous growth over the last six years
- Grew from Rs. 1.39 billion to Rs. 4.47 billion
- Main drivers
 - Continuous expansions
 - Right shares issued twice
 - Steady profit over last six years
 - Obtained loans to finance expansion projects
 - Increased operations caused surge in current liabilities

Liabilities



■ Non-Current ■ Current Liabilities

THIS YEAR

- Installation of remaining machinery of FPD
- Main drivers
 - Obtained unutilized long-term loan
 - Full-fledge operations of Flexible Packaging Division required increased running finance

KEY FINANCIAL RATIOS

GROSS PROFIT

2019	2018
17.31%	15.49%

PROFIT BEFORE TAXATION

2019	2018
8.51%	10.79%

PROFIT AFTER TAXATION

2019	2018
6.95%	10.03%

RETURN ON EQUITY

2019	2018
12.53%	16.67%

EARNINGS PER SHARE

2019	2018
Rs. 14.57	Rs. 18.87

PRICE EARNINGS RATIO

2019	2018
5.53	7.61

BREAK-UP VALUE PER SHARE

2019	2018
Rs. 115.58	Rs. 134.40

DEBTS TO EQUITY RATIO

2019	2018
39:61	38:62

INTEREST COVER RATIO

2019	2018
2.30	6.96

CURRENT RATIO

2019	2018
1.56	2.21

QUICK/ACID TEST RATIO

2019	2018
0.75	1.12

CURRENT ISSUES & FUTURE PROSPECTS



- Cement Demand
- PKR parity against foreign currencies (esp. USD and Euro)
- High discount rates
- Purchasing power of general public (directly impact FPD)
- Inflation
- Government policies
- Duties & taxes
- Power cost
- Export opportunities
- Diversification strategy to hedge against fluctuation in cement demand

THANK YOU FOR YOUR
ATTENTION

