VIS
Credit Rating Company Limited

# PAKISTAN CABLES LIMITED

**Analyst(s):**
Husnain Ali
(husnain.ali@vis.com.pk)

| RATING DETAILS | | | | |
|---|---|---|---|---|
| RATINGS CATEGORY | Latest Rating | | Previous Rating | |
| | Medium to Long-term | Short-term | Medium to Long-term | Short-term |
| ENTITY | **A** | **A1** | A | A1 |
| RATING OUTLOOK/ WATCH | **Stable** | | Negative | |
| RATING ACTION | **Maintained** | | Reaffirmed | |
| RATING DATE | **December 19, 2025** | | November 20, 2024 | |

| Shareholding (5% or More) | Other Information |
|---|---|
| International Industries Limited – 17.12% | Incorporated in 1953 |
| Directors, Chief Executive Officer, their Spouses and Minor Children – 26.96% | Public Listed Company |
| General Public – 25.86% | Chairman: Mustafa A. Chinoy |
| | Chief Executive Officer: Fahd K. Chinoy |
| | External Auditor: A.F. Ferguson & Co. Chartered Accountants |

## Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

## Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

## Rating Rationale

Assigned ratings of Pakistan Cables Limited ('PCAL' or 'the Company') are supported by its established footprint in wires and cables sector and its association with the Amir S. Chinoy Group, a major industrial conglomerate. The change in outlook reflects improvement in Pakistan Cables Limited's risk profile, supported by progress on strategic initiatives that are expected to sustainably strengthen business fundamentals and cash flow stability going forward. During FY25–1QFY26, the Company completed construction and commissioning of its fully integrated Nooriabad manufacturing complex, which is expected to substantially enhance operational scale, backward integration, and cost efficiency. Production consolidation at end-CY25 is expected to unwind the dual-site cost burden, which has weighed on margins, leading to gradual margin recovery. The Company has also taken meaningful steps to improve capitalization, with proceeds from land disposals strengthening Tier-1 equity and enabling partial debt retirement, leading to improved gearing and leverage levels from FY25 highs. Additional plans are also underway to improve capitalization. Liquidity pressures, driven by high working-capital needs in a weak demand environment, are expected to moderate as operational efficiencies materialize, finance costs recede with the interest rate reduction and debt paydown together with a strong order book and improving construction-sector sentiment.

## Company Profile

Pakistan Cables Limited ('PCAL' or 'the Company') was incorporated in 1953 as a private limited company, later converted into a public limited company in 1955. The head office and manufacturing facility are situated in Karachi and Nooriabad. Pakistan Cables maintains an exclusive technical collaboration with CTC Global Inc., USA. Over the decades, Pakistan Cables has built a comprehensive product portfolio including wires and cables, copper rod, aluminium rod, PVC compounds, and wiring accessories, offering end-to-end electrical solutions to customers. The Company is recognized for its commitment to quality and safety, and holds certifications, alongside internationally renowned testing and compliance accreditations. Pakistan Cables is Pakistan's only TÜV type-tested solar cable manufacturer. Domestically, Pakistan Cables operates a dealer network covering more than 200 cities and towns. It also pioneered Pakistan's first online cable e-store, offering nationwide delivery across 650 locations. The Company is part of the Amir S. Chinoy Group, a major industrial conglomerate that also owns International Industries Limited (IIL) and International Steels Limited (ISL). The Chinoy Group recorded a combined turnover of USD 471 million in FY25. The Group has recently ventured into engineering and construction through Chinoy Engineering & Construction (Pvt.) Ltd., beginning with the Reko Diq Copper-Gold Mine project.

A major milestone was the completion of its state-of-the-art, 42-acre manufacturing complex in Nooriabad, Sindh, featuring Pakistan's first 69 kV CCV line for medium-voltage cables. The Company commissioned Pakistan's first German-technology 69kV CCV line for medium-voltage cables at its new Nooriabad facility. Its on-grid solar plant, now expanded to 2 MW, generated 2.5 kWh and reduced carbon emissions by 1,689 tons, contributing to energy cost savings. In October 2024, Pakistan Cables Limited and Bahra Electric (Kingdom of Saudi Arabia) signed an MoU to boost collaboration in the industrial and energy sectors between Pakistan and KSA. Bahra Electric, established in 2008, is the fastest growing cables manufacturer in KSA, boasting a wide product portfolio to serve the construction, electric utilities, distribution, industrial, oil & gas, and petrochemical sectors in KSA, Gulf countries and International Markets.

## Management and Governance

The experienced management team of PCAL, led by CEO Fahd Kamal Chinoy and CFO Waqas Mahmood, has successfully driven the Company's growth and operational excellence, leveraging their long tenure and industry knowledge. This leadership continuity, combined with the commitment to maintaining a satisfactory corporate governance framework, which includes robust board oversight, effective internal controls, and a strong focus on compliance and ethical conduct, positions the Company as a leading and reliable brand in the Pakistani wires and cables market.

## Business Risk

### INDUSTRY

The cables and wires industry in Pakistan continued to face a challenging operating environment during FY25, shaped by volatility in global copper and aluminum prices and persistent domestic cost pressures. LME copper and aluminum prices rose by 8% and 12%, respectively, amid strong global demand, supply constraints, new US tariffs, and sanctions on Russian metals, directly elevating input costs for local manufacturers. At the same time, high energy tariffs, elevated interest rates, and subdued construction activity kept margins under pressure, although formal-sector players benefited from strong brand equity and an oligopolistic market structure. Demand prospects remain moderate, supported by ongoing investments in telecom tower expansion, grid modernization, and renewable energy integration; however, macroeconomic uncertainty, inflationary pressures, and continued commodity price volatility are likely to influence sector performance in the near term.

## OPERATIONAL UPDATE

The Company has expanded across the full value chain, including conductors, wires, cables, copper rod casting, PVC compounding, and captive power generation. A major strategic milestone was the development of its 42-acre, purpose-built manufacturing complex in Nooriabad, which is now largely complete with construction, machine installation, and commissioning finalized in June 2025. The Nooriabad facility houses German-technology 69kV CCV line for Medium Voltage cables and significantly expanded backward integration. The site now includes a new Aluminium Rod Plant (25,000 tons per annum), alongside a fully upgraded PVC Compounding Plant with doubled capacity of 20,000 tons per annum. The Continuous Casting & Rolling (CCR) copper rod line at Nooriabad provides over 30,000 tons per annum of capacity, more than triple that of the older SITE facility. These facilities operate in line with order-driven demand, enabling the Company to better manage working capital cycles and wastage. The Company continues to pursue strong sustainability commitments. Nooriabad hosts Pakistan's first and largest Miyawaki-based industrial urban forest, spread over 3 acres with 50,000 native trees. Pakistan Cables is a signatory to the UN Global Compact and an early adopter of the Business Ambition for 1.5°C commitment, with science-based emissions targets validated by SBTi. Total power requirements of approximately 5.8 MW are met through a diversified mix of K-Electric supply, diesel generators, a 2 MW gas-fired tri-generation plant, and 2.3 MW of on-site solar power.

## SALES & PROFITABILITY

The Company's profitability remained under pressure during FY25 despite moderate topline growth, as sector-wide weakness in construction activity and elevated cost structures continued to weigh on margins. Net sales grew 11.1% to Rs. 29.1 billion, supported by a modest recovery in cable volumes. Customer concentration improved. The sales mix in terms of segments remained largely unchanged, Export performance strengthened, with export revenue rising to Rs. 1.97 billion and lifting the share of international sales.

Gross margins contracted to 10.4% (FY24: 12.9%) due to higher manufacturing overheads, driven largely by the temporary burden of operating two production sites simultaneously, Karachi and Nooriabad. This dual-site cost structure remained a key drag on profitability and is expected to normalize once production fully consolidates at Nooriabad by end-CY25. Other income rose significantly on account of higher scrap sales and asset disposal gains; however, this was insufficient to offset elevated finance costs, which increased sharply due to higher borrowing levels and interest rates, resulting in a net loss for FY25. Weak demand persisted into 1QFY26, with net sales declining and gross margins remaining under pressure. Nonetheless, the Company enters 2QFY26 with a strong order backing and expects full-year revenue to improve supported by construction-sector recovery, better execution capacity at the new integrated site, and a more favorable cost outlook.

Looking ahead, profitability is expected to gradually recover as the Company benefits from consolidation into a single facility, improved energy efficiency through solar and prospective wind power sourcing, and cost savings from the elimination of import duty on aluminum rods. Management also anticipates relief from declining finance costs amid expected monetary easing and improved working-capital discipline.

## Financial Risk

### CAPITAL STRUCTURE

While the Company's core equity declined during FY25 due to losses, during 1QFY26 the transfer of Rs. 1.4b in gains from asset disposals to retained earnings bolstered Tier-1 equity to Rs. 6.07b (end-FY25: Rs. 4.77b; FY24: Rs. 5.08b). Proceeds from land sales have also been used to reduce long-term debt, collectively improving gearing and leverage to 2.90x and 4.76x, respectively. However, overall leverage remains elevated due to project-related debt and high working capital requirements, driven by delays in receivables amid a sectoral slowdown. The Company expects to realize additional gains from property sales and shift toward supplier credit arrangements to address working capital pressures and further strengthen its capitalization profile. Furthermore, management anticipates additional deleveraging of the balance sheet through planned group support.

### DEBT COVERAGE & LIQUIDITY

FFO declined in FY25 due to lower operating profits, resulting in a contraction of DSCR to 0.66x (FY24: 0.88x) and weaker FFO-to-debt coverage. Liquidity and coverage metrics remained under pressure in 1QFY26, driven by elevated short-term borrowings, on the back of extended cash conversion cycles. However, proceeds from sale of land provided partial relief, the same being diverted towards debt retirement. The current ratio stood at 0.99x (end-FY25: 1.03x), while trade receivables and inventory continued to provide coverage of short-term borrowings at 1.45x. Looking ahead, operational efficiencies from the consolidation of operations and benefits arising from the state-of-the-art Nooriabad plant are expected to improve margins. These improvements are likely to enhance cash flows, strengthen coverage metrics, and support a more robust liquidity profile, mitigating current short-term pressures.

| FINANCIAL SUMMARY | | | | |
|---|---|---|---|---|
| **BALANCE SHEET** | **FY23** | **FY24** | **FY25** | **1QFY26** |
| Fixed Assets | 14,563.2 | 16,766.5 | 15,977.3 | 16,049.8 |
| Stock-in-Trade | 3,761.2 | 5,100.7 | 7,525.0 | 8,873.7 |
| Trade Debts | 4,146.6 | 6,370.8 | 7,591.5 | 7,777.2 |
| Asset held for sale | - | 1,419.4 | 3,361.9 | 1,942.6 |
| Cash & Bank Balances | 161.3 | 236.1 | 377.0 | 363.8 |
| **Total Assets** | **23,394.6** | **31,670.6** | **37,554.8** | **38,305.5** |
| Long Term Debt | 4,953.2 | 7,219.8 | 6,869.7 | 6,102.2 |
| Short Term Debt | 4,000.6 | 7,888.7 | 10,419.8 | 11,484.8 |
| **Total Debt** | **8,953.7** | **15,108.5** | **17,289.5** | **17,587.0** |
| Trade and Other Payables | 3,182.4 | 4,287.6 | 6,978.4 | 7,707.1 |
| Advance against assets for sales | - | 547.4 | 2,425.6 | 1,689.2 |
| **Total Liabilities** | **13,900.6** | **21,990.5** | **28,072.7** | **28,903.6** |
| Paid up capital | 495.1 | 495.1 | 544.6 | 544.6 |
| Retained Profit | 643.5 | 374.8 | (316.3) | 984.5 |
| **Core Equity** | **4,708.7** | **5,083.0** | **4,766.4** | **6,067.2** |
| **Total Equity (incl. surplus reval.)** | **9,494.1** | **9,680.1** | **9,482.0** | **9,401.8** |
| **INCOME STATEMENT** | **FY23** | **FY24** | **FY25** | **1QFY26** |
| Net Sales | 21,653.0 | 26,167.0 | 29,088.4 | 6,663.4 |
| Gross Profit | 3,183.7 | 3,363.4 | 3,026.1 | 618.9 |
| Profit Before Tax | 1,130.4 | 412.5 | (367.6) | (182.5) |
| **Profit After Tax** | **723.7** | **312.9** | **(280.6)** | **(141.0)** |
| **RATIO ANALYSIS** | **FY23** | **FY24** | **FY25** | **1QFY26** |
| Gross Margin | 14.70% | 12.90% | 10.40% | 9.30% |
| Net Margin | 3.30% | 1.20% | -1.00% | -2.10% |
| Net Working Capital | 412.3 | 664.3 | 702.9 | (311.0) |
| FFO | 1,291.1 | 315.5 | (726.6) | (1,343.3) |
| FFO to Long-term Debt (x)* | 0.26 | 0.04 | (0.11) | (0.20) |
| FFO to Total Debt (x)* | 0.14 | 0.02 | (0.04) | (0.08) |
| DSCR (x)* | 1.7 | 0.88 | 0.66 | 0.28 |
| Current Ratio (x) | 1.05 | 1.05 | 1.03 | 0.99 |
| Short-term Debt Coverage (x) | 1.98 | 1.45 | 1.45 | 1.45 |
| Cash Conversion Cycle (days)* | 87 | 84 | 97 | 118 |
| Gearing (x) | 1.90 | 2.97 | 3.63 | 2.90 |
| Leverage (x) | 2.95 | 4.33 | 5.89 | 4.76 |
| ROAA* | 3.40% | 1.10% | - | - |
| ROAE* | 16.20% | 6.40% | - | - |
| *annualized | | | | |

| **REGULATORY DISCLOSURES** | **Appendix I** |
|---|---|
| **Name of Rated Entity** | Pakistan Cables Limited |
| **Sector** | Cable & Wire Manufacturing |
| **Type of Relationship** | Solicited |
| **Purpose of Rating** | Entity Ratings |

**Rating History**

| Rating Date | Medium to Long Term | Short Term | Rating Outlook | Rating Action |
|---|---|---|---|---|
| RATING TYPE: ENTITY | | | | |
| **December 19, 2025** | **A** | **A1** | **Stable** | **Maintained** |
| November 20, 2024 | A | A1 | Negative | Reaffirmed |
| August 1, 2023 | A | A1 | Negative | Maintained |
| May 16, 2022 | A | A1 | Stable | Reaffirmed |
| February 02, 2021 | A | A1 | Stable | Reaffirmed |
| November 10, 2019 | A | A1 | Stable | Reaffirmed |
| April 9, 2018 | A | A1 | Stable | Initial |

| | |
|---|---|
| **Instrument Structure** | N/A |
| **Statement by the Rating Team** | VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. |
| **Probability of Default** | VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default. |
| **Disclaimer** | Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS. |

**Due Diligence Meetings Conducted**

| Name | Designation | Date |
|---|---|---|
| Waqas Mahmood | CFO | 27-Nov-25 |
| Marazban Talati | Senior Manager Budgeting & Costing | |