

## PAKISTAN CABLES LIMITED

**Analyst(s):**

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**RATING DETAILS**

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RATINGS CATEGORY	PRELIMINARY SUKUK RATINGS
INSTRUMENT (STS-1)	A1 (plim)
RATING ACTION	Preliminary
RATING DATE	April 8, 2026

**Shareholding (5% or More)**

International Industries Limited – 17.12%

Directors, Chief Executive Officer, their Spouses and Minor Children – 26.96%

General Public – 25.86%

**Other Information**

Incorporated in 1953

Public Listed Company

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**

Pakistan Cables Limited ('PCAL' or 'the Company') plans to issue a privately placed, secured Short-term Sukuk (STS-1) of Rs. 4,000 million (inclusive of a Green Shoe Option of Rs. 1,500 million) to fund working capital requirements. The instrument will have a six-month tenure, with profit paid quarterly and redemption in bullet at maturity, while the expected profit rate will be 3 Month KIBOR plus a spread that is yet to be finalized. Security of the proposed instrument includes establishing and maintaining dedicated Sukuk Payment Account (SPA) under lien with Investment Agent, to be built up and completely funded 4 working days before installment payment date.

The assigned rating reflects PCAL's established presence in the wires and cables sector, its association with the Amir S. Chinoy Group, and the Company's strengthened risk profile. Key credit support stems from the operational scale-up at the fully integrated Nooriabad facility, which enhances capacity, cost efficiency and backward integration, and capitalization improvements through land disposals and partial debt retirement, which have improved gearing and leverage. Liquidity pressures, driven by high working-capital requirements, are expected to moderate as operational efficiencies materialize, debt servicing costs decline, and project-sector demand, particularly from renewable energy and solarization initiatives, improves. Related-party support in terms of investment support in the proposed Sukuk provides liquidity comfort. Overall, the Sukuk is expected

to support working capital while benefiting from strong operational fundamentals, improving cash flows, and continuing group support.

### 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 the largest Pakistani exporter of wires and cables. 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. (CECL), beginning with construction for 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. 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 2.3 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.

### Management and Governance

The Board of Pakistan Cables Limited consisting of nine members, including two independent directors, demonstrates a well-balanced governance framework, effectively combining family insight, professional management, and independent oversight. The Board's diverse expertise across finance, law, insurance, industrial operations, and corporate governance, provide necessary expertise for risk management, strategic planning, and regulatory compliance and transparency.

The CEO, Mr. Fahd Kamal Chinoy, brings extensive international exposure, including an MBA from INSEAD and prior experience in corporate banking and financial services. Together with his professional team he has successfully driven sustained growth and operational excellence, leveraging deep industry knowledge.

### Proposed Short-term Sukuk

PCAL plans to issue a privately placed, secured Short-term Sukuk (STS 1) of Rs. 4,000 million (inclusive of a Green Shoe Option of Rs. 1,500 million) to fund working capital requirements. The instrument will have a six-month tenure, with profit paid quarterly and redemption in bullet at maturity, while the expected profit rate will be 3 Month KIBOR plus a spread that is yet to be finalized. Security of the proposed instrument includes establishing and maintaining dedicated Sukuk Payment Account (SPA) under lien with Investment Agent, to be built up and completely funded 4 working days before installment payment date. Additionally, the Sponsors

have also extended their support through planned investment up to Rs. 1.5b which also provides comfort to assigned rating.

## 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. Copper and aluminum prices further surged by 61% and 30% during 7MFY26, respectively, driven by higher demand for renewable energy projects, the scaling of AI data centers, and ongoing geopolitical tensions. The recent Iran conflict adds further uncertainty, with potential supply disruptions likely to exert upward pressure on global commodity prices.

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 grid modernization, and renewable energy integration; however, macroeconomic uncertainty, inflationary pressures, and continued commodity price volatility, compounded by geopolitical developments, are expected 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 greater than 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 2.3 MW of on-site solar power, HESCO supply, and a 1.5 MW gas-fired tri-generation plant.

### 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.

The Company achieved a 3.0% revenue uptick in 1HFY26, anchored by a modest growth in the domestic market. With the enhanced capacity of a new integrated site and recovering construction sector, the management projects full-year topline growth. Gross margins moderated to 9.89% (1HFY25: 10.52%) and operating expenses increased by 15.1% in 1HFY26 due to higher advertising expenses. PCAL posted a net profit of Rs. 213.5m in 1HFY26 compared to a loss of PKR 186m in the same period last year, largely contributed by higher other income and PKR 429.6m in share of profit from an associated company, CECL, in which PCAL holds 17% equity.

Looking ahead, profitability is expected to further recover as the Company benefits from consolidation into a single facility, improved energy efficiency through solar and prospective wind power sourcing.

## Financial Risk

### CAPITAL STRUCTURE

While the Company's core equity declined during FY25 due to losses, during 1HFY26 the transfer of Rs. 1.4b in gains from asset disposals to retained earnings and profit retention, bolstered Tier-1 equity to Rs. 6.4b (end-FY25: Rs. 4.77b; FY24: Rs. 5.08b). Proceeds from land sales have also been used to reduce long-term debt, improving gearing and leverage to 2.90x (end-FY25: 3.63x) and 4.84x (end-FY25: 5.89x), 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 as well as inventory buildup on account of anticipated raw material price increase.

All impacts from property sales have now been recognized and shift toward supplier credit arrangements to address working capital pressures and further strengthen its capitalization profile. Furthermore, the impact of incremental borrowings to support increasing working capital requirements will likely be offset by higher profit retention in the ongoing year.

### DEBT COVERAGE & LIQUIDITY

FFO (funds from operations) declined in FY25 due to lower operating profits, resulting in a contraction of DSCR to 0.62x (FY24: 0.88x) and weaker FFO-to-debt coverage. Debt coverage metrics remained under pressure in 1HFY26, driven by elevated short-term borrowings. However, the proceeds from the sale of land supported cash flows which led to an adjusted DSCR of 1.11x in 1HFY26 (FY25: 1.31x, FY24: 1.16x). The current ratio stood at ~1x (end-FY25: 1.03x) at end-1HFY26, while trade receivables and inventory continued to provide coverage of short-term borrowings at 1.48x. Improvement in the Company's liquidity position was observed, with net cash shifting from a deficit of Rs. 619.2m in June 2025 to a marginal surplus of Rs. 58.4m by December

2025. Operational efficiencies from the consolidation of operations and benefits arising from the state-of-the-art Nooriabad plant are expected to improve margins during 2HFY26. These improvements are likely to enhance cash flows, strengthen coverage metrics, and support a more robust liquidity profile, mitigating current short-term pressures.

<b>FINANCIAL SUMMARY</b>				
<b>Balance Sheet (PKR Millions)</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>6MFY26M</b>
Property, plant and equipment	14,445	16,632	15,765	15,855
Long-term Investments	78	0	88	428
Stock-in-trade	3,761	5,101	7,525	8,728
Trade debts	4,147	6,371	7,592	9,626
Short-term Investments	0	124	112	118
Cash & Bank Balances	161	236	377	494
Other Assets	782	3,092	6,071	5,206
<b>Total Assets</b>	<b>23,395</b>	<b>31,671</b>	<b>37,553</b>	<b>40,489</b>
Creditors	1,606	2,624	6,978	6,875
Long-term Debt (incl. current portion)	4,953	7,220	6,869	5,979
Short-Term Borrowings	4,001	7,889	10,420	12,469
<b>Total Debt</b>	<b>8,954</b>	<b>15,108</b>	<b>17,289</b>	<b>18,448</b>
Other Liabilities	3,341	4,258	3,804	5,465
<b>Total Liabilities</b>	<b>13,901</b>	<b>21,991</b>	<b>28,071</b>	<b>30,788</b>
Paid up Capital	495	495	545	545
Revenue Reserve	2,619	2,993	2,627	4,224
Other Equity (excl. Revaluation Surplus)	1,595	1,595	1,595	1,595
<b>Equity (excl. Revaluation Surplus)</b>	<b>4,709</b>	<b>5,083</b>	<b>4,766</b>	<b>6,363</b>
<b>Income Statement (PKR Millions)</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>6MFY26M</b>
Net Sales	21,653	26,167	29,088	16,180
Gross Profit	3,184	3,363	3,026	1,600
Operating Profit	2,085	2,046	2,020	1,371
Finance Costs	954	1,737	2,423	1,111
Profit Before Tax	1,130	308	-404	260
<b>Profit After Tax</b>	<b>724</b>	<b>209</b>	<b>-281</b>	<b>213</b>
<b>Ratio Analysis</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>6MFY26M</b>
Gross Margin	14.70%	12.85%	10.40%	9.89%
Operating Margin	9.63%	7.82%	6.94%	8.48%
Net Margin	3.34%	0.80%	-0.96%	1.32%
Funds from Operation (FFO) (PKR Millions)	1,291	313	-850	-441
Adjusted FFO (PKR Millions)	1,291	860	1,029	341
Debt Servicing Coverage Ratio* (x)	1.70	0.88	0.62	0.48
Adjusted DSCR* (x)	1.70	1.16	1.31	1.11
FFO to Total Debt*	14.42%	2.07%	-4.91%	-4.78%
FFO to Long Term Debt*	26.06%	4.33%	-12.37%	-14.75%
Adjusted FFO to Total Debt*	14.42%	5.69%	5.95%	3.70%
Adjusted FFO to Long Term Debt*	26.06%	11.92%	14.97%	11.40%
Gearing (x)	1.90	2.97	3.63	2.90
Leverage (x)	2.95	4.33	5.89	4.84
Current Ratio (x)	1.05	1.05	1.03	0.99
(Stock in trade + trade debts) / STD (x)	2.00	1.46	1.46	1.48
Return on Average Assets*	3.37%	0.76%	-0.81%	1.09%
Return on Average Equity*	16.22%	4.27%	-5.70%	7.67%
Cash Conversion Cycle (days)	116	110	109	112

\*Annualized, if required

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES					Appendix I
Name of Rated Entity	Pakistan Cables Limited				
Sector	Cable & Wire Manufacturing				
Type of Relationship	Solicited				
Purpose of Rating	Sukuk Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	<b>RATING TYPE: ENTITY</b>				
	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
	<b>RATING TYPE: SUKUK RATINGS</b>				
April 8, 2026		A1 (plim)		Preliminary	
Instrument Structure	<b>Instrument Name:</b>		<b>Details</b>		
	Nature of Instrument		Short-term Sukuk-1 (STS-1)		
	Tenure of Instrument		Six months from date of issuance		
	Size of the Issue		PKR 4,000m (inclusive of PKR 1,500m green shoe option)		
	Principle Redemption Schedule		Sukuk will be redeemed in bullet at the expiry of Tenor		
	Interest Redemption Schedule		Profit will be paid on Quarterly basis		
	Issue Date		TBD		
	Grace Period		Not applicable		
	Redemption Date		TBD		
	Nature of Security (in case of secured instrument)		Establishing and maintaining dedicated Sukuk Payment Account (SPA) under lien with Investment Agent, to be built up and completely funded 4 working days before installment payment date.		
Rating		A1 (plim)			
Name of Trustee		MCB Bank Limited			
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.				
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Due Diligence Meetings Conducted	<b>Name</b>		<b>Designation</b>		<b>Date</b>
	Marazban Talati		Senior Manager – Budgeting & Costing		
	Natasha Mohammad		Company Secretary		27-Feb-2026