

PAKISTAN CABLES LIMITED

Analyst(s):

Husnain Ali
(husnain.ali@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Latest Rating	Initial Rating
		Short-term
INSTRUMENT (STS-1)	A1	A1 (plim)
RATING ACTION	Final	Preliminary
RATING DATE	May 13, 2026	April 08, 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>

Instrument Rating

<https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf>

Rating Scale

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

Rating Rationale

Pakistan Cables Limited ('PCAL' or 'the Company') issued a privately placed, unsecured Short-term Sukuk (STS 1) of Rs. 4,000 million (inclusive of a Green Shoe Option of Rs. 1,500 million) on 06 May 2026 to fund working capital requirements. The instrument has a six-month tenure, with profit paid quarterly and redemption in bullet at maturity, while the profit rate is 3 Month KIBOR plus + 90 BPS. A dedicated Sukuk Payment Account (SPA) under lien with Investment Agent, is 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 slightly 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. 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.

Short-term Sukuk

PCAL placed a privately placed, unsecured Short-term Sukuk (STS 1) amounting to Rs. 4,000 million (inclusive of a Green Shoe Option of Rs. 1,500 million) to fund working capital requirements. The instrument's issuance date was 06 May 2026 and will mature on 02 November 2026. The instrument has six-month tenure, with profit paid quarterly and redemption in bullet at maturity, while the profit rate is based at 3 Month KIBOR plus 90 BPS. Security of the 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.

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 5.5% revenue uptick in 9MFY26, 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. A marginal improvement in gross margins, coupled with higher other income and a Rs. 480.6m share of profit from its associate, CECL, in which PCAL maintains a 17% equity stake, enabled PCAL to post a net profit of Rs. 206.23m in 9MFY26, reversing a loss of Rs. 260.99m from the same period last year.

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 the ongoing year 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) at end-9MFY26. Proceeds from land sales have also been used to reduce long-term debt, improving gearing and leverage to 3.23x (end-FY25: 3.63x) and 5.26x (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, reduction in borrowing levels remains a key credit risk consideration.

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 9MFY26, driven by elevated short-term borrowings. However, proceeds from the sale of land provided some support to cash flows, resulting in a partial adjusted DSCR of 0.86x (FY25: 1.31x, FY24: 1.16x). The current ratio stood at ~0.97x (end-FY25: 1.03x) at end-9MFY26, while trade receivables and inventory continued to provide coverage of short-term borrowings at 1.3-1.4x. Operational efficiencies from the consolidation of operations and benefits arising from the state-of-the-art Nooriabad plant are expected to improve margins during 4QFY26. 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 (PKR Millions)	FY23A	FY24A	FY25A	9MFY26M
Property, plant and equipment	14,445	16,632	15,765	15,785
Long-term Investments	78	0	88	445
Stock-in-trade	3,761	5,101	7,525	10,728
Trade debts	4,147	6,371	7,592	8,691
Short-term Investments	0	124	112	118
Cash & Bank Balances	161	236	377	1,474
Other Assets	782	3,092	6,071	5,832
Total Assets	23,395	31,671	37,553	43,104
Creditors	1,606	2,624	6,978	7,492
Long-term Debt (incl. current portion)	4,953	7,220	6,869	5,626
Short-Term Borrowings	4,001	7,889	10,420	14,893
Total Debt	8,954	15,108	17,289	20,519
Other Liabilities	3,341	4,258	3,804	5,403
Total Liabilities	13,901	21,991	28,071	33,415
Paid up Capital	495	495	545	545
Revenue Reserve	2,619	2,993	2,627	4,217
Equity (excl. Revaluation Surplus)	4,709	5,083	4,766	6,356
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	9MFY26M
Net Sales	21,653	26,167	29,088	23,471
Gross Profit	3,184	3,363	3,026	2,385
Operating Profit	2,085	2,046	2,020	1,902
Finance Costs	954	1,737	2,423	1,636
Profit Before Tax	1,130	308	-404	265
Profit After Tax	724	209	-281	206
Ratio Analysis	FY23A	FY24A	FY25A	9MFY26M
Gross Margin (%)	14.70%	12.85%	10.40%	10.16%
Operating Margin (%)	9.63%	7.82%	6.94%	8.10%
Net Margin (%)	3.34%	0.80%	-0.96%	0.88%
Funds from Operation (FFO) (PKR Millions)	1,291.03	860.4	1,028.50	190.83
FFO to Total Debt* (%)	14.42%	5.69%	5.95%	1.24%
FFO to Long Term Debt* (%)	26.06%	11.92%	14.97%	4.52%
Gearing (x)	1.9	2.97	3.63	3.23
Leverage (x)	2.95	4.33	5.89	5.26
DSCR* (x)	1.7	0.88	0.62	0.48
Adjusted DSCR* (x)	1.7	1.16	1.31	0.86
Current Ratio (x)	1.05	1.05	1.03	0.97
(Stock in trade + trade debts) / STD (x)	2	1.46	1.46	1.31
Return on Average Assets* (%)	3.37%	0.76%	-0.81%	0.68%
Return on Average Equity* (%)	16.22%	4.27%	-5.70%	4.94%
Cash Conversion Cycle (days)*	116	110	109	120
<i>*Annualized, if required</i>				
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
	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
	RATING TYPE: SUKUK RATINGS				
May 13, 2026		A1		Final	
April 08, 2026		A1 (plim)		Preliminary	
Instrument Structure	Instrument Name:		Details		
	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	06 May, 2026			
	Grace Period	Not applicable			
	Redemption Date	02 November, 2026			
	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.				
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 2026 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	
	Marazban Talati	Senior Manager – Budgeting & Costing		27-Feb-26	
	Natasha Mohammad	Company Secretary		27-Feb-26	