

MIRA INFORM REPORT

Report No. :	538611
Report Date :	29.11.2018

IDENTIFICATION DETAILS

Name :	PAKISTAN CABLES LIMITED
Registered Office :	B-21, Pakistan Cables Road, Sindh Industrial Trading Estate, Karachi
Country :	Pakistan
Financials (as on) :	30.06.2018
Date of Incorporation :	22.04.1953
Com. Reg. No.:	0000591
Legal Form :	Public limited company
Line of Business :	Subject is engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds
No. of Employees :	489

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	USD 2,750,000
Status :	Satisfactory
Payment Behaviour :	Slow and delayed
Litigation :	Clear

NOTES :

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Pakistan	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

PAKISTAN - ECONOMIC OVERVIEW

Decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan. Pakistan has a large English-speaking population, with English-language skills less prevalent outside urban centers. Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half of Pakistan's export earnings; Pakistan's failure to diversify its exports has left the country vulnerable to shifts in world demand. Pakistan's GDP growth has gradually increased since 2012, and was 5.3% in 2017. Official unemployment was 6% in 2017, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Human development continues to lag behind most of the region.

In 2013, Pakistan embarked on a \$6.3 billion IMF Extended Fund Facility, which focused on reducing energy shortages, stabilizing public finances, increasing revenue collection, and improving its balance of payments position. The program concluded in September 2016. Although Pakistan missed several structural reform criteria, it restored macroeconomic stability, improved its credit rating, and boosted growth. The Pakistani rupee has remained relatively stable against the US dollar since 2015, though it declined about 10% between November 2017 and March 2018. Balance of payments concerns have reemerged, however, as a result of a significant increase in imports and weak export and remittance growth.

Pakistan must continue to address several longstanding issues, including expanding investment in education, healthcare, and sanitation; adapting to the effects of climate change and natural disasters; improving the country's business environment; and widening the country's tax base. Given demographic challenges, Pakistan's leadership will be pressed to implement economic reforms, promote further development of the energy sector, and attract foreign investment to support sufficient economic growth necessary to employ its growing and rapidly urbanizing population, much of which is under the age of 25.

In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor" (CPEC) with \$60 billion in investments targeted towards energy and other infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term.

Source : CIA

COMPANY NAME

PAKISTAN CABLES LIMITED

FULL ADDRESS

Registered Address

B-21, Pakistan Cables Road, Sindh Industrial Trading Estate, Karachi, Pakistan

Tel 92 (21) 32561170, 32561175 (5 Lines)
Fax 92 (21) 32585115, 32564614
Website www.pakistancables.com

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|---------------------------|---|
| a. | Nature of Business | Principally engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds |
| b. | Year Established | 1953 |
| c. | Registration # | 0000591 |

HEAD OFFICE

Arif Habib Center, 1st Floor, 23 M.T. Khan Road, Karachi, Pakistan

REGIONAL OFFICES

Address Lahore Co-operative Insurance Building, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan

Tel # 92 (42) 37355783, 37120790, 37120791, 37353520
Fax # 92 (42) 37355480

Address 455-A, Adamjee Street, Rawalpindi, Pakistan
Tel # 92 (51) 5125429, 5512797, 5125202
Fax # 92 (51) 5587029

AUDITORS

KPMG Taseer Hadi & Co.
(Chartered Accountants)

LEGAL STATUS

The Company was incorporated in Pakistan as a private Limited company on 22 April 1953 and in 1955, It was converted into a public limited company in which year it also obtained a listing on the Karachi Stock Exchange. Company is listed at Pakistan Stock Exchange

DETAILS OF DIRECTORS

Names	Designation
Mr. Mustapha A. Chinoy	Chairman
Mr. Kamal A. Chinoy	Chief Executive
Mr. Haroun Rashid	Director
Mr. Roderick Macdonald	Director
Mrs. Sadia Khan	Director
Mr. Saquib H. Shirazi	Director
Mr. Fahd Kamal Chinoy	Director
Mr. Shoaib Mir	Director
Mr. Muhammad Ashfaq Alam	Director

SHAREHOLDERS

Categories	Shareholding (%)
Associated Companies, Undertakings and Related Parties	33.11
Mutual Funds	31.92
Executives	0.34

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Public Sector Companies & Corporations	---
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and pension funds	1.66
General Public	25.18
Others	0.73

ASSOCIATES

A. SUBSIDIARY

None

B. ASSOCIATED COMPANIES

International Industries Limited, Pakistan.
Heritage Development, Pakistan.
Intermark (Pvt) Limited, Pakistan.
GK Technologies, Pakistan.
International Steels Limited, Pakistan.

PRODUCTS

Principally engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds

NUMBER OF EMPLOYEES

489

ANNUAL SALES TURNOVER

Years	In Pak Rupees
2015	6,956,670,000/-

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2016	6,849,559,000/-
2017	8,083,511,000/-
2018	9,560,954,000/-

PLANT CAPACITY & ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of cables and wires and type of aluminium sections produced.

TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to European Countries, Singapore, China, Korea, Taiwan, Malaysia, Japan & U.S.A.

CUSTOMERS

Major customers are Distribution Companies, Retail & Wholesale Traders, Construction Companies, Government Corporations, Industrial Corporations etc

BANKERS

- (1) Standard Chartered Bank (Pakistan) Limited, Pakistan.
- (2) Bank Al-Habib Limited, Pakistan.
- (3) Habib Bank Limited, Pakistan.
- (4) Meezan Bank Limited, Pakistan.
- (5) MCB Bank Limited, Pakistan.
- (6) NIB Bank Limited, Pakistan.
- (7) Industrial and Commercial Bank of China Limited, Pakistan.

BUSINESS REVIEW

Overall the business environment has shown improvement, bringing about investment in infrastructure, greater economic activity, several new projects and growth in the residential construction market. With this backdrop, the Company has had a good financial year in terms of sales and has witnessed significant growth in all its key markets. The Company's efforts in debottlenecking several areas of constraint supported by better output and closer alignment of all functions has assisted in meeting the growing demands of the market. At the same time, with competitive scenario within the industry also continues to become increasingly challenging thereby creating the risk of eroding margins in the future.

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CONTRIBUTION TO NATIONAL EXCHEQUER

The Company's contribution to the National Exchequer by way of taxes, levies, sales tax, etc. amounted to Rs. 2,030 million during the year.

FUTURE OUTLOOK

The Company has a cautiously optimistic outlook with respect to the coming year, based on positive trends on the economic front. If there is political stability, the market for wire and cable is expected to continue to grow in volume terms based on domestic demand through development of the country's electrical infrastructure, enhancement in energy capacity, growth in the housing and construction segment and expansion in several industry segments. However, should there be ongoing uncertainty with respect to the political scenario, there is a genuine possibility of a slowdown, which could have an impact on your Company's markets. In recent times, there has been a growth in the import of cables, primarily due to various exemptions on duties and sales tax for imports of wire and cables provided to certain CPEC and special projects. The same exemptions are not available if our customers procure the product from local manufacturers of wire and cable. Should this trend continue, the Company's sales may come under pressure. As such, several efforts in recent times have been underway through the All Pakistan Cables and Conductors Manufacturers Association, as the benefits available to imported cables are not available to local manufacturers of wire and cable. This has resulted in an imbalanced playing field, which is an issue that impacts the entire domestic industry. Various efforts are being made at several levels within the Government to provide the local industry with a chance to compete with imports via a level playing field. In this context, the Company's strategy is to remain proactive with respect to approaching the Government on issues impacting the local industry. The Company intends to continue its efforts in marketing its products, focus on enhanced output and support this with an aggressive sales program. In addition, the Company expects to benefit from some recent capacity enhancements in certain value streams

MEMBERSHIPS

KCCI
FPCCI

COMMENTS

The conduct of the company is correct and the mode of payment prompt no complaints have been heard regarding payments to local suppliers and banks. In view of current disturbed economic and political situation, we would advise to deal with all the business in Pakistan with some caution.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.73
UK Pound	1	INR 94.87
Euro	1	INR 82.52
PKR	1	INR 0.54

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)