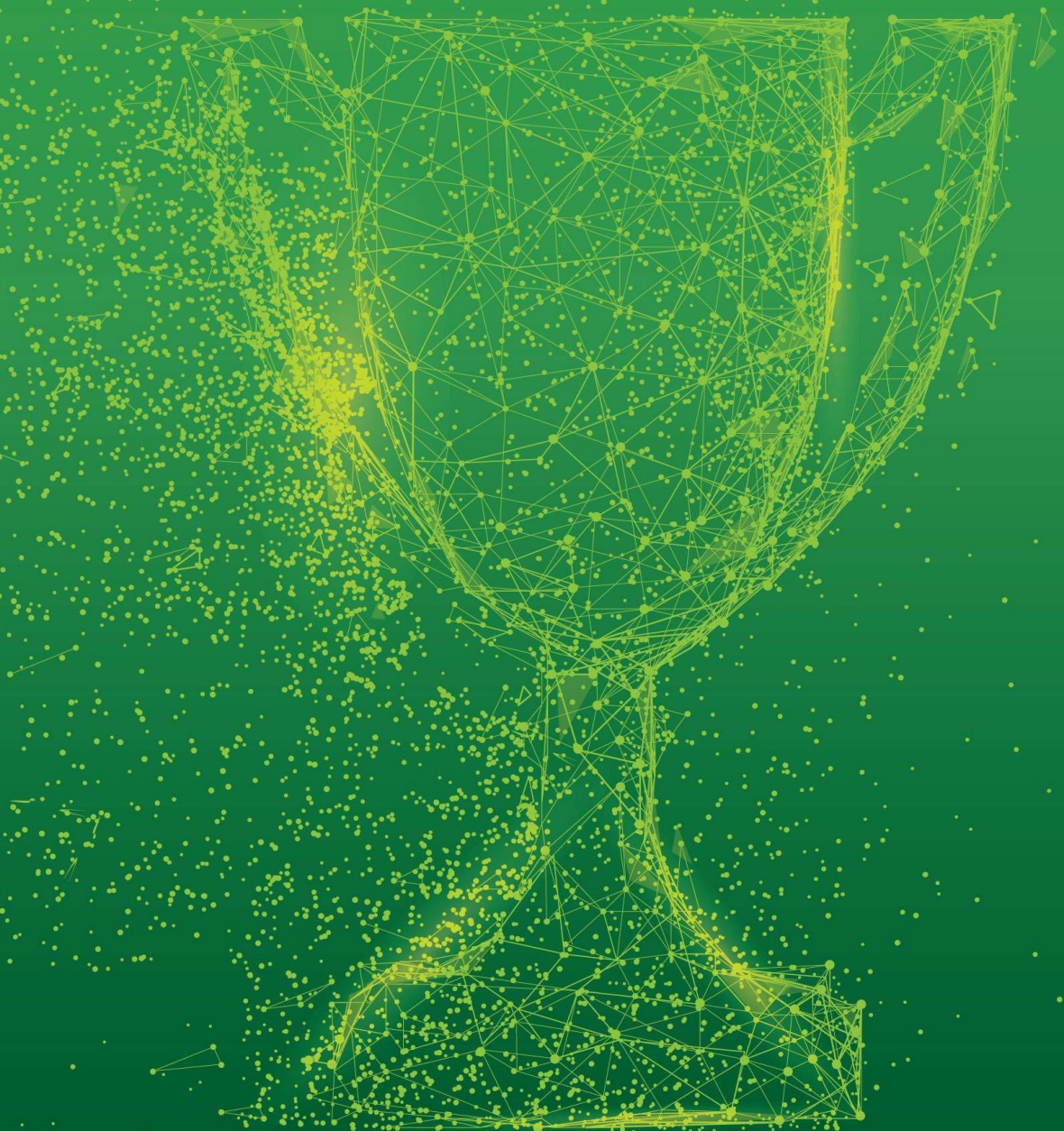




TRUSTED NOT TO COMPROMISE



# Quarterly Report 2019 for the period ended September 30, 2019



## COMPANY INFORMATION

### Board of Directors

Mr. Mustapha A. Chinoy	Chairman
Mr. Haroun Rashid	
Mr. Roderick Macdonald	
Ms. Sadia Khan	
Mr. Saquib H. Shirazi	
Ms. Spenta Kandawalla	
Mr. Farrukh Ahmad Hamidi	
Mr. Kamal A. Chinoy	
Mr. Fahd Kamal Chinoy	Chief Executive

### Company Secretary

Ms. Nazifa Khan

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisor

Mohammad Zeeshan Khan  
c/o Orr, Dignam & Co.

### Tax Advisors

A.F. Fergusons & Co.  
Muhammad Bilal & Co.

### Bankers

Standard Chartered Bank (Pakistan) Limited  
Bank Al-Habib Limited  
Habib Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
Industrial and Commercial Bank of China Limited

### Share Registrar

THK (Pvt.) Limited 1st Floor, 40-C,  
Block-6, P.E.C.H.S., Karachi - 75400  
Tel: +92 -21-34168270  
Fax: +92-21-34168271  
Email: secretariat@thk.com.pk

### Registered Office

B-21 Pakistan Cables Road  
Sindh Industrial Trading Estates,  
Karachi -75700  
P.O Box 5050  
Tel: +92 -21- 32561170-5  
Fax: +92-21-32564614  
Email: info@pakistancables.com

**Website:** [www.pakistancables.com](http://www.pakistancables.com)

## DIRECTORS' REVIEW

Sales for the first quarter are Rs. 2.2 billion, which is 23% higher than the sales for the same period of last year. Gross profit was recorded at Rs. 239.3 million for the quarter compared to Rs. 235.5 million in the same period of last year.

Selling, Marketing and Administrative expenses and impairment loss on doubtful trade debts are Rs. 147.9 million compared to Rs. 176.2 million in the same period of last year. The decrease is mainly due to lower expenses on account of advertising and publicity. Finance cost for the quarter is Rs. 83.1 million compared to Rs. 30.8 million in the same period of last year. The rise in finance cost is a result of increase in interest rates and higher working capital requirements.

As a result of the above factors, the Company ended the first quarter with a profit after tax of Rs. 11.3 million compared to Rs. 30.3 million in the same period of last year. Slow market conditions are expected to persist so long as interest rates remain at these levels. Furthermore, the retail sector is expected to remain challenged by the ongoing stand-off between the Traders and the Government. Should the matter get resolved, some improvements may be seen in this area. With higher borrowing costs and increased electricity and gas prices, the cost of doing business has increased substantially.

As a result of the above factors, the Company is emphasizing various cost control initiatives and efforts are underway to drive efficiencies, improve the cash cycle and critically review expenses.

The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the Management and employees of the Company during the quarter. On behalf of the Board of Directors and employees of the Company, we express our gratitude and appreciation to all our valued customers, distributors, dealers, bankers, vendors and all other stakeholders for the trust and confidence reposed in the Company.

On behalf of the Board of Directors



MUSTAPHA A. CHINOY  
Chairman

Karachi: October 25, 2019

## ڈائریکٹرز کا جائزہ

پہلی سہ ماہی کے لئے سیلز 2.2 بلین رہی جو گزشتہ برس اس مدت کے مقابلہ میں 23 فی صد زیادہ ہے۔ گزشتہ برس اسی سہ ماہی میں 235.5 ملین روپے کے مقابلہ میں رواں سہ ماہی 239.3 ملین روپے مجموعی منافع ریکارڈ کیا گیا۔

سیلنگ، مارکیٹنگ اور انتظامی اخراجات اور مشکوک تجارتی قرضوں پر ایمپیئرمنٹ خسارہ گزشتہ برس اسی مدت میں 176.2 ملین روپے کے مقابلہ میں 147.9 ملین روپے رہا۔ ایڈورٹائزنگ اور تشہیر کی مد میں قلیل اخراجات کی وجہ سے یہ کمی واقع ہوئی۔ گزشتہ برس اسی مدت میں 30.8 ملین روپے قرضوں پر لاگت کے مقابلہ میں رواں برس 83.1 ملین روپے رہی۔ قرضوں پر لاگت میں اضافہ شرح سود میں اضافہ اور ورکنگ کیپٹل ضروریات کے باعث سامنے آیا۔

مذکورہ بالا عوامل کی وجہ سے کمپنی نے گزشتہ برس 30.3 ملین روپے منافع بعد از ٹیکس کے مقابلہ میں رواں برس پہلی سہ ماہی کے دوران 11.3 ملین روپے رہا۔

جب تک شرح سود اس سطح پر رہے گی مارکیٹ میں سست روی برقرار رہنے کی توقع ہے۔ مزید برآں، تاجروں اور حکومت کے مابین اختلافات کی وجہ سے ریٹیل سیلٹر بھی مشکلات کا شکار ہے۔ جونہی یہ معاملہ حل ہوگا، اس شعبہ میں بہتری کے امکانات ہیں۔ قرضوں پر بھاری لاگت اور بجلی اور گیس کی قیمتوں میں اضافہ کی وجہ سے کاروباری لاگت میں اضافہ ہو چکا ہے۔

مذکورہ بالا عوامل کی وجہ سے کمپنی لاگت کو کنٹرول کرنے اور کارکردگی، کیش فلو اور اخراجات پر گہری نظر ثانی کے لئے کئی اقدامات کر رہی ہے۔

ڈائریکٹرز اس سہ ماہی کے دوران انتظامیہ اور کمپنی کے ملازمین کی ان تھک محنت اور جذبہ کو قدر کی نگاہ سے دیکھتے ہیں۔ بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین کی جانب سے ہم اپنے تمام معزز صارفین، ڈسٹری بیوٹرز، ڈیلرز، مینکرس، وینڈرز اور تمام دیگر سٹیک ہولڈرز کے کمپنی پر اعتماد اور بھروسہ کی مخلصانہ قدر کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



مصطفیٰ اے چنائے

چیئرمین

کراچی: 25 اکتوبر، 2019ء

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 SEPTEMBER 2019**

	Note	(Unaudited) 30 September 2019	(Audited) 30 June 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(Rupees in '000)			
Property, plant and equipment	5	3,456,630	3,379,023
Right-of-use assets	4.1	100,851	-
Intangible assets		10,234	9,097
Investment in an associated company		48,261	44,392
Long-term loans receivable		8,461	6,994
Long-term prepayments		-	6,168
Total non current assets		3,624,437	3,445,674
<b>Current assets</b>			
Stores and spares		58,185	58,393
Stock-in-trade	6	2,363,146	2,203,201
Trade debts	7	1,938,286	2,088,764
Short-term loans and advances	8	64,384	47,180
Short-term deposits and prepayments		47,005	72,502
Other receivables	9	79,445	30,791
Advance tax - net of provisions		392,491	397,107
Cash and bank balances	10	77,126	87,942
Total current assets		5,020,068	4,985,880
<b>Total assets</b>		8,644,505	8,431,554
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		355,779	355,779
Capital reserves			
Share premium reserve		1,595,139	1,595,139
Surplus on revaluation of assets (land and building) - net of tax		1,622,886	1,623,241
Revenue reserves			
General reserve		1,268,000	1,227,000
Un-appropriated profit		14,656	76,632
Total shareholders' equity		4,856,460	4,877,791
<b>Non-current liabilities</b>			
Long-term loans	11	736,875	680,625
Lease liabilities	4.1	67,846	-
Deferred liability for staff gratuity		30,137	31,280
Other long-term employee benefits		37,637	37,637
Deferred tax liability - net		88,217	95,581
Total non current liabilities		960,712	845,123
<b>Current liabilities</b>			
Current portion of long-term loans	11	108,750	108,750
Current maturity of lease liabilities	4.1	10,357	-
Trade and other payables	12	750,003	812,558
Short term loans from banking companies	13	1,655,224	1,498,488
Contract liabilities - advance from customers		176,203	222,502
Unclaimed dividend		25,832	26,091
Dividend payable		35,578	-
Mark-up accrued on bank borrowings		65,386	40,251
Total current liabilities		2,827,333	2,708,640
<b>Contingencies and commitments</b>	14		
<b>Total equity and liabilities</b>		8,644,505	8,431,554

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Director

  
 Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Note	July to September 2019	July to September 2018
		(Rupees in '000)	
Net Sales	15	2,221,635	1,800,304
Cost of sales		(1,982,378)	(1,564,785)
<b>Gross profit</b>		<b>239,257</b>	<b>235,519</b>
Marketing, selling and distribution costs	16	(90,975)	(103,724)
Administrative expenses	17	(51,589)	(72,359)
Impairment loss on trade debts		(5,368)	(141)
		(147,932)	(176,224)
Finance costs	18	(83,106)	(30,799)
Other expenses		(1,243)	(2,718)
		(84,349)	(33,517)
Other income		6,256	6,414
Share of profit from associate under the equity basis of accounting		2,114	4,065
<b>Profit before income tax</b>		<b>15,346</b>	<b>36,257</b>
Taxation		(4,060)	(5,916)
<b>Profit for the period</b>		<b>11,286</b>	<b>30,341</b>
		(Rupees)	
<b>Earnings per share - basic and diluted</b>	19	<b>0.32</b>	<b>0.87</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	July to September 2019	July to September 2018
	(Rupees in '000)	
Profit after tax for the period	11,286	30,341
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to statement of profit and loss account</i>		
Share of other comprehensive income / (loss) from the associated company	5	(270)
Total comprehensive income - transferred to statement of changes in equity	<u>11,291</u>	<u>30,071</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Note	30 September 2019	30 September 2018
<b>(Rupees in '000)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	20	(29,913)	(209,955)
Gratuity paid		(2,576)	(465)
Finance costs paid		(55,240)	(35,684)
Taxation - net		(7,330)	(121,350)
Long-term loans receivable		(1,467)	252
Long-term prepayments		6,168	-
Net cash flows from operating activities		(90,358)	(367,202)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(130,029)	(138,521)
Proceeds from disposal of fixed assets		-	658
Net cash flows of investing activities		(130,029)	(137,863)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan obtained		90,000	-
Repayment of long-term loans		(33,750)	(13,750)
Lease rentals paid		(3,156)	-
Net increase / (decrease) in short-term borrowings		137,914	(621,131)
Proceeds against subscription of right shares		-	650,590
Dividend paid		(259)	(622)
Net cash flows from financing activities		190,749	15,087
Net decrease in cash and cash equivalents		(29,638)	(489,978)
Cash and cash equivalents at beginning of the year		(760,546)	80,250
Cash and cash equivalents at end of the period	21	(790,184)	(409,728)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive



Director



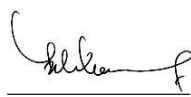
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Share capital	Advance against share capital	Capital Reserves Share premium reserve	Surplus on revaluation of assets - Net of tax (Rupees in '000)	Revenue Reserves General reserve	Unappropriated profit	Total
Balance as at 01 July 2018	284,623	487,905	527,800	1,104,333	1,138,000	215,336	3,757,997
Total comprehensive income for the period from July 2018 to September 2018	-	-	-	-	-	30,071	30,071
Transfer to general reserve for the year ended 30 June 2018	-	-	-	-	89,000	(89,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	(2,705)	-	2,705	-
Share of surplus on revaluation of land and building of the associated company recognized during 01 July 2018 to 30 September 2018 - net of deferred tax	-	-	-	(97)	-	-	(97)
Right shares 7,115,594 issued at the rate of Rs. 160 per share (Rs. 10 par value and Rs. 150 premium per share)	71,156	(487,905)	1,067,339	-	-	-	650,590
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended 30 June 2018 @ Rs. 3.50 per share	-	-	-	-	-	(124,523)	(124,523)
Balance as at 30 September 2018	355,779	-	1,595,139	1,101,531	1,227,000	34,589	4,314,038
Balance as at 01 July 2019	355,779	-	1,595,139	1,623,241	1,227,000	76,632	4,877,791
Total comprehensive income for the period from July 2019 to September 2019	-	-	-	-	-	11,291	11,291
Transfer to general reserve for the year ended 30 June 2019	-	-	-	-	41,000	(41,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	(3,311)	-	3,311	-
Share of surplus on revaluation of land and building of the associated company recognized during 01 July 2019 to 30 September 2019 - net of deferred tax	-	-	-	2,956	-	-	2,956
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended 30 June 2019 @ Rs. 1.00 per share	-	-	-	-	-	(35,578)	(35,578)
Balance as at 30 September 2019	355,779	-	1,595,139	1,622,886	1,268,000	14,656	4,856,460

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**1. INTRODUCTION**

The Pakistan Cables Limited ("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 Pakistan Stock Exchange. The Company is engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds.

The registered office of the Company is situated at 11.15 acres of land at B/21, S.I.T.E., Karachi, Pakistan and head office of the Company is situated at 1st Floor, Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. In addition it also has a land of 42 acres at K-23, Nooriabad, Sindh.

**2. BASIS OF PRESENTATION**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. These condensed interim financial statements comprise of the statement of financial position as at 30 September 2019 and statement of profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity for the three months period ended 30 September 2019.
- 2.2** The comparative statement of financial position presented in these condensed interim financial statements as at 30 June 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, whereas the comparative statement of profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity for the three months period ended 30 September 2018 have been extracted from the unaudited condensed interim financial statements for the period then ended.
- 2.3** These condensed interim financial statement does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2019.
- 2.4** These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all financial statements presented in Pakistani rupee have been rounded off to the nearest thousand, unless otherwise stated.

**3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2019, except for lease accounting as a result of initial application of IFRS 16 as mention in note 4.1 below:

**3.1 ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2019.

## 4 CHANGES IN ACCOUNTING POLICIES

### 4.1 IFRS 16 Leases

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an arrangement contains a Lease", SIC-15 "Operating Leases - Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of lease". IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A Lessee recognizes a right-of-use assets representing its right-of-use asset of the underlying asset and a lease liability representing its obligations to make lease payments. The accounting policies relating to Company's right-of-use assets and leases liabilities are as follows:

#### *Lease liabilities and right-of-use assets*

At the inception of contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the Company's incremental borrowings rate.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured based on initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain measurements of the corresponding lease liability.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The impact of adoption of this standard is, therefore, recognised in the opening statement of financial position on July 1, 2019.

The change in accounting policy affected the following items in the statement of financial position on July 1, 2019:

	(Rupees in '000)
Right-of-use assets - increased by	98,579
Lease liabilities - increased by	71,358
Long-term prepayments - decreased by	(6,168)
Short-term deposits and prepayments - decreased by	(21,053)

## 5. PROPERTY, PLANT AND EQUIPMENT

The additions and disposals in property, plant and equipments during the quarter are as under:

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees in '000)	
Additions	130,029	138,521
Disposals (cost)	-	(1,433)

	Note	(Unaudited) 30 September 2019	(Audited) 30 June 2019
<b>6. STOCK-IN-TRADE</b>			
(Rupees in '000)			
Raw materials [including Rs. 253.70 million in transit (30 June 2019 : Rs. 255.07 million)]	6.1	817,655	1,021,593
Work-in-process	6.2	585,796	543,260
Finished goods	6.2	885,318	598,511
Scrap		74,377	39,837
		<u>2,363,146</u>	<u>2,203,201</u>
<b>6.1</b> Raw material includes slow moving items carried at Nil (30 June 2019: Nil) as against their cost of Rs. 15.37 million (30 June 2019: Rs. 15.37 million).			
<b>6.2</b> Work-in-process and finished goods include slow moving items aggregating Rs. 5.26 million (30 June 2019: Rs. 4.81 million) and Rs. 26.30 million (30 June 2019: Rs. 31.46 million) respectively stated at their net realizable values against their cost of Rs. 6.54 million (30 June 2019: Rs. 4.85 million) and Rs. 45.69 million (30 June 2019: Rs. 46.68 million) respectively.			
<b>7. TRADE DEBTS</b>			
<b>Unsecured and non-interest bearing</b>			
Considered good		1,938,286	2,088,764
Considered doubtful		67,665	62,297
		<u>2,005,951</u>	<u>2,151,061</u>
Provision for doubtful trade debts		(67,665)	(62,297)
		<u>1,938,286</u>	<u>2,088,764</u>
<b>8. SHORT-TERM LOANS AND ADVANCES</b>			
Current portion of long term loans (interest bearing)		4,203	3,533
Short-term advances to employees (non-interest bearing)		2,807	1,748
Advances to suppliers (non-interest bearing)		57,374	41,899
		<u>64,384</u>	<u>47,180</u>
<b>9. OTHER RECEIVABLES</b>			
<b>Unsecured and non-interest bearing</b>			
<b>Considered good</b>			
Sales tax receivable		47,139	-
Receivable from Workers' profit participation fund - net		29,302	30,126
Dividend receivable from related party		1,728	-
Others		1,276	665
		<u>79,445</u>	<u>30,791</u>
<b>10. CASH AND BANK BALANCES</b>			
With banks - in current accounts (non-interest bearing)		58,892	70,230
- in profit and loss sharing account (interest bearing)		17,880	17,291
Cash in hand		354	421
		<u>77,126</u>	<u>87,942</u>
<b>11. LONG TERM LOANS - secured</b>			
Loan from conventional financial institutions		845,625	789,375
Current portion shown under current liabilities		(108,750)	(108,750)
		<u>736,875</u>	<u>680,625</u>

- 11.1** Long term loans have been obtained for the purpose of capital expenditure and are secured against hypothecation of specific items of plant and machinery (charge of Rs. 700 million). Rate of mark-up on the loans at the period-end ranged between 11.78% to 14.73% per annum (30 June 2019: 10.96% to 13.55% per annum) at 6 months KIBOR plus 0.10% / 0.25% / 0.60% / 0.65% per annum. These loans are for five years from the date of disbursement and are repayable in eight half yearly equal principal instalments of Rs. 6.25 million, Rs. 9.38 million, Rs.14.38 million, Rs. 4.38 million, Rs. 20.00 million and Rs. 11.25 million commencing from 06 November 2016, 09 August 2017, 24 November 2017, 22 February 2018, 21 August 2019 and 05 February 2021 respectively.

In addition to the above the Company has also obtained a long term loan of Rs. 500 million for capital expenditure which is secured against mortgage against the land at S.I.T.E and building thereon (charge of Rs. 1,333 million). It is repayable in six half yearly equal instalments of Rs. 83.33 million commencing from 12 May 2021.

Total facility available to the Company under the above arrangement amounted to Rs. 2,200 million of which the amount remaining unutilized as at 30 September 2019 was Rs. 1,175 million (30 June 2019: Total facility available of Rs. 2,200 million of which the amount unutilized as at 30 June 2019 was Rs. 1,265 million).

	Note	(Unaudited) 30 September 2019	(Audited) 30 June 2019
<b>12. TRADE AND OTHER PAYABLES</b>			
		(Rupees in '000)	
Creditors		195,430	183,029
Accrued expenses		255,707	289,255
Provision for import levies		269,712	259,144
Sales Tax Payable		-	55,742
Security deposits from distributors and employees		16,228	16,158
Payable to staff provident fund - related party		2,685	727
Payable to staff pension fund - related party		3,249	1,845
Workers' welfare fund		3,926	3,604
Withholding income tax payable		2,517	2,425
Others		549	629
		<u>750,003</u>	<u>812,558</u>
<b>13. SHORT TERM LOANS FROM BANKING COMPANIES</b>			
<b>Secured</b>			
Running musharka under Shariah arrangements		93,315	6,065
Running finances under mark-up arrangements		773,995	842,423
Running finances from banks	13.1	<u>867,310</u>	<u>848,488</u>
Short term finances under mark-up arrangements	13.2	695,000	650,000
Foreign currency import finance under mark-up arrangements	13.3	<u>92,914</u>	-
		<u>1,655,224</u>	<u>1,498,488</u>

**13.1 Running finance from banks**

Running Musharaka under Shariah arrangement carries mark-up at 14.31% per annum (30 June 2019: 13.37% per annum) and the available facility is Rs. 400 million. At 30 September 2019, the facility unutilised was Rs. 307 million.

The Company has also arranged short-term running finance facilities under mark-up arrangements from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 2,650 million (30 June 2019: Rs. 2,550 million). Rate of mark up on these running finance facilities under mark-up arrangements ranges between 14.01% to 14.85% net of prompt payment rebate (30 June 2019: 13.12% to 13.96% per annum). These facilities will expire between 31 October, 2019 to 31 July, 2020 and are renewable.

### 13.2 Short term finances under mark-up arrangement

Amount outstanding against the short term finance facilities as at 30 September 2019 amounted to Rs. 695.0 million (30 June 2019: Rs. 650.0 million) against the available facilities of Rs. 3,045 million (30 June 2019: Rs. 2,945 million). This includes facilities earmarked out of the total running finance facilities for Rs. 1,245.0 million obtained from these banks. Mark-up on short term finance is agreed at each disbursement and at 30 September 2019, it ranged between 14.00% to 14.12% per annum (30 June 2019: 13.01% to 13.06% per annum). These are payable latest by 02 October 2019.

### 13.3 Foreign currency import finance under markup arrangements

The Company also arranged foreign currency import finance from certain banks. The amount outstanding against the foreign currency import finance facility as at 30 September, 2019 available from banks was Rs. 92.9 million (30 June 2019: Nil). Total facility available under this arrangement amounts to Rs. 2,845 million (30 June 2019: Rs. 2,250 million) which is a sub limit of above running finance limit and letters of credit.

### 13.4 Other facilities

The facility for opening letters of credit and guarantees as at 30 September 2019 amounted to Rs. 3,380 million including Rs. 880 million relating to the guarantees (30 June 2019: Rs. 3,175 million including Rs. 775 million relating to the guarantees) of which the amount remained unutilized as at that date was Rs. 2,317 million including Rs. 365 million relating to the guarantees (30 June 2019: Rs. 2,250 million including Rs. 291 million relating to the guarantees).

### 13.5 Securities

These above arrangements are secured by way of joint pari passu hypothecation over stocks, stores and spares and present and future trade debts of the company of Rs. 5,625 million.

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

- a) The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 13.21 million (30 June 2019: Rs. 13.21 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 515 million (30 June 2019: Rs. 484 million) have been given to various parties for contract performance, tender deposits, import levies, etc.

### 14.2 Commitments

- a) Aggregate commitments for capital expenditure as at 30 September 2019 amounted to Rs. 566.01 million (30 June 2019: Rs. 471.39 million).
- b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 30 September 2019 amounted to Rs. 141.65 million (30 June 2019: Rs. 27.12 million). These are in respect of the letters of credit opened before the period end but no shipment by then had been made.

## 15. NET SALES

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees in '000)	
Gross local sales	2,601,835	2,101,390
Export sales	11,551	12,272
	2,613,386	2,113,662
Sales tax	(386,523)	(313,358)
Discount	(5,228)	-
	(391,751)	(313,358)
	2,221,635	1,800,304

### 15.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets, major product lines and sales channels:

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees in '000)	
<b>Primary geographical markets</b>		
Pakistan	2,210,084	1,788,032
Middle East	-	1,709
Africa	11,551	1,271
Asia	-	9,292
	<u>2,221,635</u>	<u>1,800,304</u>
<b>Major products lines</b>		
Wire and Cables	2,154,782	1,754,365
Aluminium profile business	66,853	45,939
	<u>2,221,635</u>	<u>1,800,304</u>
<b>Sales channels</b>		
Goods sold:		
- directly to consumers	1,996,879	1,518,134
- through intermediaries	224,756	282,170
	<u>2,221,635</u>	<u>1,800,304</u>

### 16. MARKETING, SELLING AND DISTRIBUTION COSTS

Salaries, wages and benefits	35,772	33,340
Rent, rates and taxes	821	4,507
Commission	-	738
Repairs and maintenance	570	362
Communication and stationary	1,034	915
Training, travelling and entertainment	5,872	5,234
Advertising and publicity	15,246	30,882
Carriage and forwarding expenses	21,676	22,161
Depreciation	6,467	2,857
Subscriptions	567	509
Insurance	475	408
Other expenses	2,475	1,811
	<u>90,975</u>	<u>103,724</u>

### 17. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	30,244	46,807
Office rent	-	1,718
Insurance	603	240
Repairs and maintenance	2,160	2,280
Legal and professional	3,920	7,707
Auditors' remuneration	501	551
Communication and stationary	3,400	4,300
Training, travelling and entertainment	2,302	1,926
Depreciation	4,012	2,427
Amortization	269	680
Other expenses	4,178	3,723
	<u>51,589</u>	<u>72,359</u>



		<b>Three months period ended</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2019</b>	<b>2018</b>
		<b>(Rupees in '000)</b>	
<b>18. FINANCE COSTS</b>			
Mark-up on finances under mark-up arrangements	49,252	20,804	
Mark-up on finances under a Shariah Compliance arrangement	4,261	1,553	
Mark-up on long-term loans under mark-up arrangements	25,618	6,538	
Interest expense on lease liability under IFRS 16	2,730	-	
Mark-up on distributors deposit	75	-	
Exchange loss / (gain)	(129)	635	
Bank charges	1,299	1,269	
	<b>83,106</b>	<b>30,799</b>	
<b>19. EARNINGS PER SHARE - basic and diluted</b>			
Profit after taxation	11,286	30,341	
	<b>(Number of shares)</b>		
Weighted average number of ordinary shares outstanding during the period	35,578	34,868	
	<b>(Rupees)</b>		
Earnings per share - basic and diluted	0.32	0.87	
<b>20. CASH USED IN OPERATIONS</b>			
	<b>Three months period ended</b>		
	<b>30 September</b>	<b>30 September</b>	
	<b>2019</b>	<b>2018</b>	
	<b>(Rupees in '000)</b>		
Profit before taxation	15,346	36,257	
Adjustments for non cash charges and other items:			
- Depreciation	55,599	54,359	
- Amortization	684	1,030	
- Provision for staff gratuity	1,433	1,227	
- Gain on disposal of fixed assets	-	(658)	
- Share of profit from associate	(2,114)	(4,065)	
- Finance costs	83,106	30,799	
Working capital changes:			
(Increase) / decrease in current assets			
- Stores and spares	208	5,565	
- Stock-in-trade	(159,945)	(635,986)	
- Trade debts	150,478	428,496	
- Short-term loans and advances	(17,204)	23,764	
- Short term deposits and payments	(1,724)	2,050	
- Other receivables - net	(46,926)	(84,664)	
	(75,113)	(260,775)	
Decrease in current liabilities			
- Trade and other payables	(62,555)	(53,398)	
- Contract liabilities - advance from customers	(46,299)	(14,731)	
	(108,854)	(68,129)	
	(183,967)	(328,904)	
	<b>(29,913)</b>	<b>(209,955)</b>	
<b>21. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	77,126	90,126	
Running finance from banks	(867,310)	(499,854)	
	<b>(790,184)</b>	<b>(409,728)</b>	
<b>22. TRANSACTIONS WITH RELATED PARTIES</b>			
Parties which are related to the Company in pursuit of IAS 24 'Related Party Disclosures' including associates, staff retirement benefit plans and key management personnel are considered for disclosure of related party transactions.			

**Transactions with related parties:**

Name of the related party	Relationship and percentage shareholding	Transactions during the quarter and quarter-end balances	Three months period ended	
			30 September 2019	30 September 2018
			(Rupees in '000)	
Intermark (Pvt) Limited	Associate	Sale of goods Amount due at the quarter end	64,554 168,276	110,398 135,283
International Industries Limited	Associate	Sale of goods Purchase of goods, services & materials Sharing of rental office expenses Dividend receivable Proportionate share of changes in equity Amount due at the quarter end	1,599 8,286 159 1,728 5,597 531	3,211 1,198 141 3,744 3,795 778
International Steels Limited	Associate	Sale of goods Purchase of goods, services & materials Amount due at the quarter end	16 3,317 19	3,262 - 1,869
MCB Bank Limited	Common directorship	Repayments (net) Bank service charges & mark-up	- -	31,626 4,300
Cherat Cement Company Limited	Common directorship	Sale of goods Amount due at the quarter end	- -	913 1,068
Atlas Autos (Private) Limited	Common directorship	Sale of goods Amount due at the quarter end	36 -	2,130 2,350
Atlas Energy Limited	Common directorship	Sale of goods Amount due at the quarter end	2,469 2,889	- -
Atlas Power Limited	Common directorship	Sale of goods	50	61
Atlas Honda Limited	Common directorship	Sale of goods Purchase of goods, services & materials Amount due at the quarter end	2,002 - 2,056	11,865 192 9,561
Jubilee Life Insurance Company Limited	Common directorship	Insurance premium expense Insurance claim received	1,825 1,000	- -
Pakistan Cables Limited - Staff Provident Fund	Staff retirement benefit plans	Net charge in respect of Staff retirement benefit plan Retirement benefit plans payable	4,623 2,685	4,194 3,554
Pakistan Cables Limited - Staff Pension Fund	Staff retirement benefit plans	Net charge in respect of Staff retirement benefit plans Retirement benefit plans payable	1,405 3,249	2,102 20,688
Board of Directors (executive and non-executive) and Key Management Personnel	Key management personnel	Remuneration Directors' fees Loan receivable from the executive director (including interest) Directors' fee payable	29,757 825 - 600	49,301 700 567 250
Workers' Profit Participation Fund	Staff benefit plan	Net charge in respect of staff benefit plan Staff benefit plan (net) - Receivable / (Payable)	825 29,302	1,947 (1,947)

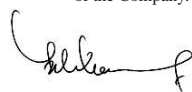
- 22.1 Remuneration of key management personnel are in accordance with their terms of employment.
- 22.2 Contributions to defined contribution plan (provident fund) are made as per the terms of employment and contribution to / charge for the defined benefit plan (pension scheme) are in accordance with the actuarial advice.
- 22.3 Share of profit of the associated company and dividend from them are as per the profit and dividend declared by them.
- 22.4 Other transactions are at agreed terms.

**23. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with that disclosed in the audited financial statement as at and for the year ended 30 June 2019.

**24. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on 25 October 2019 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

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