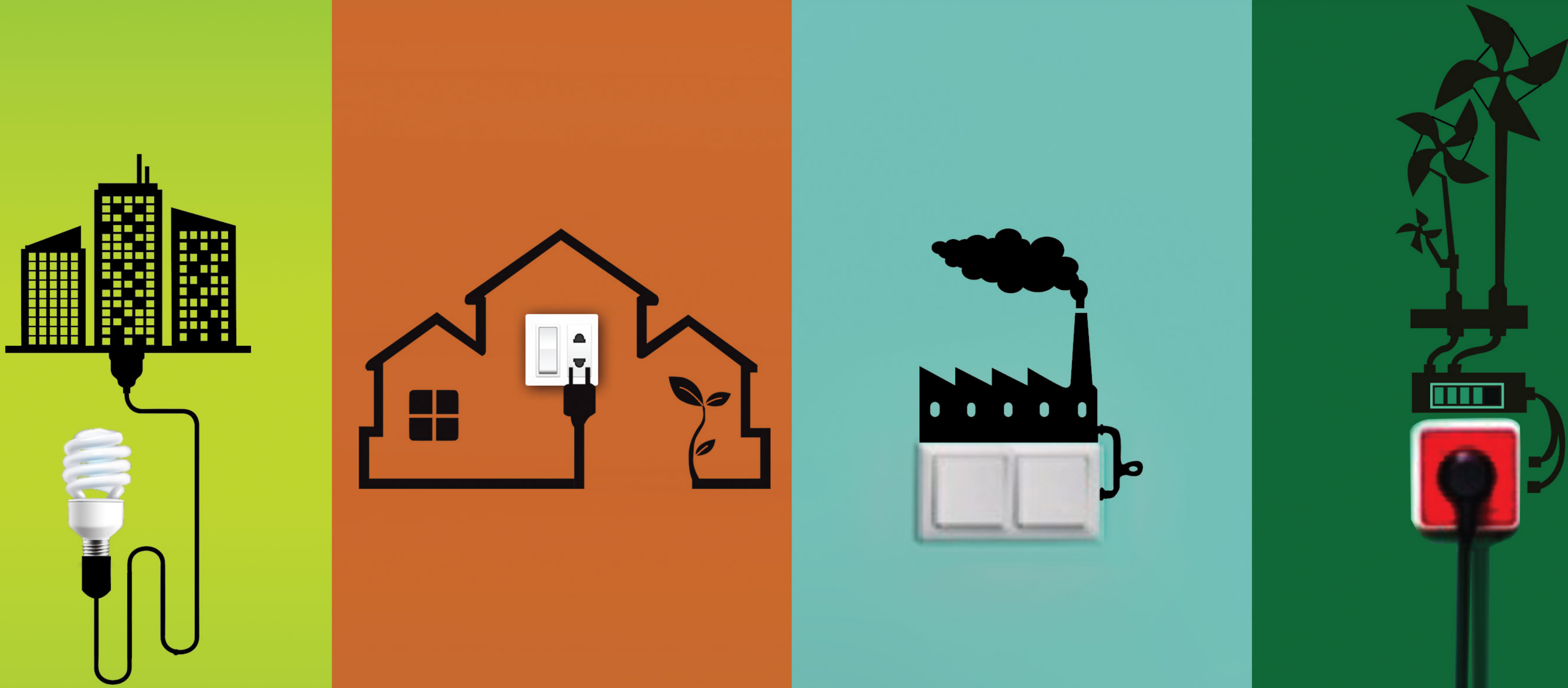
TRUSTED NOT TO COMPROMISE
a **General Cable** affiliate



# POWERING THE COUNTRY

## Annual Report 2014

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BRILLIANT 60 YEARS

## POWERING THE COUNTRY

At Pakistan Cables, we believe that the growth of our nation is imperative to our success. Our vision to achieve excellence is based on our strong commitment to deliver products of the highest quality and by being ethical in our business practices. Each step of the way, as we progress in parallel with our growing nation, we draw strength from the way that we power the country.

BRILLIANT 60 YEARS

## ABOUT US

Pakistan Cables Limited, the country's oldest and most reputable cable manufacturer, was established over 6 decades ago in 1953 in collaboration with BICC, UK. In the subsequent six decades, Pakistan Cables has earned a reputation as a market leader in the industry and a company that does not compromise on quality. Consequently, the Company has gained a position as being the premier cable manufacturer in the country.

Pakistan Cables has been listed on Karachi Stock Exchange since 1955. In 2010 General Cable Corporation, a Fortune 500 company and global leader in cable manufacturing invested in Pakistan Cables by taking up a 25% equity stake in the Company.

## VISION

To be the company of first choice for customers & partners for Wire and Cables and other engineering products.

## MISSION

To strengthen industry leadership in the manufacturing and marketing of wire and cables and to have a strong presence in the engineering products market while retaining the options to participate in other profitable businesses.

To operate ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio-economic development of Pakistan by being good corporate citizens.

# CODE OF CONDUCT

- This Code of Conduct applies to all employees of M/s. Pakistan Cables Ltd (PCL) – hereby named as the "Company".

- For the purposes of this Code, "employees" refers to directors, executives, officers and employees of the Company.

- The Board and Management are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility and not to transgress them.

- All employees should be sure that they understand and abide by the spirit as well as the letter of this Code and that violation of any of the Code's provisions could result in disciplinary action.

Salient features of the Company's code of conduct are as below:

A

## Business Ethics

i. The Company's policy is to conduct its business with honesty and integrity and be ethical in its dealings showing respect for the interest of all stakeholders.

ii. The Company is dedicated to providing a safe and non discriminatory working environment for all employees.

iii. The Company does not support any political party or contributes funds to groups whose activities promote political interests.

iv. The Company is committed to provide products, which consistently offer value in terms of price and quality and are safe for their intended use, to satisfy customer needs and expectations.

v. The Company is committed to run its business in an environmentally sound and sustainable manner and promote preservation of the environment.

B

## Conflict of Interest

i. Every employee should conduct his/ her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the Company.

ii. An employee should avoid any situation in which he or she, or a family member, might profit personally (directly or indirectly), from the Company's facilities, its products, or Company's relationship with its vendors or customers.

iii. An employee should not permit himself/ herself (or members of his/ her family) to be obligated (other than in the course of normal banking relationships) to any organization or individual with whom the Company has a business relationship. However, business lunches, dinners or social invitations, nominal giveaways like key chains, calendars, etc. and attendance at conferences and seminars would not be considered a violation of this Code.

iv. In case an employee is offered or receives something of value which he/she believes may be impermissible under this Code, he /she should disclose the matter.

v. All employees should avoid any kind of bribery, extortion and all other forms of corruption.

vi. Conflict of interest should be avoided and disclosed where they exist and guidance should be sought from superiors.

## C
# Accounting Records, Controls & Statements

i. All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations.

ii. Employees are expected to sign only documents or records which they believe to be accurate and truthful.

## D
# Environment

i. The Company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation of the environment.

ii. All employees are required to adhere strictly to all applicable environmental laws and regulations that impact Company's operations.

## E
## Regulatory Compliance

i. The Company is committed to make prompt public disclosure of "material information" regarding the Company as prescribed in the Karachi Stock Exchange Regulations.

ii. Where an employee is privy to the information, which is generally referred to as "material inside information", the same must be held in the strictest confidence by the employee involved until it is publicly released.

iii. The employees shall abide by the appropriate Competition Laws and shall not enter into understandings, arrangements, or agreements with competitors which have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers.

## F
## Personal Conduct

i. All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on Company business.

ii. All employees should avoid any kind of bribery, extortion and all other forms of corruption.

iii. Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.

iv. Any legally prohibited or controlled substances if found in the possession of any employee will be confiscated and where appropriate, turned over to the authorities.

# COMPANY INFORMATION

## Board of Directors

| | | | |
|---|---|---|---|
| Mustapha A. Chinoy | Non-Independent Non-Executive Director | Chairman | Director since 1986 |
| Syed Naseem Ahmad | Non-Independent Non-Executive Director | | Director since 1999 |
| Peter Campbell | Non-Independent Non-Executive Director | | Director since 2014 |
| Sadia Khan | Independent Non-Executive Director | | Director since 2013 |
| Roderick Macdonald | Non-Independent Non-Executive Director | | Director since 2010 |
| Raeesuddin Paracha | Non-Independent Non-Executive Director | | Director since 2014 |
| Haroun Rashid | Non-Independent Non-Executive Director | | Director since 1993 |
| Saquib H. Shirazi | Independent Non-Executive Director | | Director since 2008 |
| Kamal A. Chinoy | Executive Director | Chief Executive | Director since 1992 |

## Company Secretary
Sana Shah

## Legal Advisor
Barrister M. Jamshid Malik

## Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

## Tax Advisors
M/s. A. F. Fergusons & Co.
Muhammad Bilal & Co.

## Bankers
Standard Chartered Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
NIB Bank Limited

## Registered Office
### Factory
B-21, Pakistan Cables Road,
Sindh Industrial Trading Estates,
P. O. Box 5050, Karachi - 75700

| | |
|---|---|
| Telephone Nos: | (021) 32561170-75 |
| Fax: | (021) 32564614 |
| E-mail: | info@pakistancables.com |
| Website: | www.pakistancables.com |

## Head Office
Arif Habib Center, 1st Floor,
23 M.T. Khan Road, Karachi.

| | |
|---|---|
| UAN: | 111 - CABLES (222 - 537) |
| Fax: | +92 - 21 32462111 |
| E-mail: | sales@pakistancables.com |

## Regional Offices
### Lahore
Co-operative Insurance Building,
Shahrah-e-Quaid-e-Azam, Lahore.

| | |
|---|---|
| Telephone Nos: | (042) 37355783, 37353520, 37120790-91 |
| Fax: | (042) 37355480 |
| E-mail: | lahore@pakistancables.com |

### Rawalpindi
455-A, Adamjee Street, Rawalpindi.

| | |
|---|---|
| Telephone Nos: | (051) 5125429, 5512797, 5125202 |
| Fax: | (051) 5587029 |
| E-mail: | pindi@pakistancables.com |

## Branch Offices
### Multan
1592, Quaid-e-Azam Shopping Centre No. 1,
Aziz Shaheed Road, Multan Cantt.

| | |
|---|---|
| Telephone Nos: | (061) 4583332, 4504446 |
| Fax: | (061) 4549336 |
| E-mail: | multan@pakistancables.com |

### Abbottabad
13-14, Sitara Market, Mansehra Road, Abbottabad.

| | |
|---|---|
| Telephone No: | (0992) 383616 |
| Fax: | (0992) 385510 |
| E-mail: | abbottabad@pakistancables.com |

### Peshawar
Shop # 1 & 2, 1st Floor, Hurmaz Plaza, Opp. Airport Runway,
Tambwan More, University Road, Peshawar.

| | |
|---|---|
| Telephone No: | (091) 5845068 |
| Fax: | (091) 5846314 |
| E-mail: | peshawar@pakistancables.com |

### Muzaffarabad
50-1B, Commercial Area, Upper Chattar, Muzaffarabad.

| | |
|---|---|
| Telephone No: | (05822) 432088 |
| Fax: | (05822) 432092 |
| E-mail: | muzaffarabad@pakistancables.com |

### Quetta
Haji Fateh Khan Building, Shahrah-e-Adalat, Quetta.

| | |
|---|---|
| Telephone No: | (081) 2843987 |
| Fax: | (081) 2843990 |
| E-mail: | quetta@pakistancables.com |

# OUR PRODUCTS

- Wires & Cables
- Aluminium Sections
- Copper Rod
- PVC Compound

## WIRES & CABLES

For lighting and general use, we manufacture General Wiring Cables in the range of 250/750 Volts, in conformity with national & international standards. These cables provide safety and savings in electricity consumption because of the use of 99.99% pure copper, cable grade PVC and thorough quality tests on every meter of cable.

To cater to the requirements of Utilities, Projects and Industries, Pakistan Cables manufactures Low Voltage (LV) and Medium Voltage (MV) cables up to 15KV, with PVC and XLPE insulation. All our cables are subject to rigorous in-house quality checks. LV and MV cables have been fully type tested by KEMA - Holland. Pakistan Cables also provides Cables and conductors to utility companies.

Pakistan Cables also has a state-of-the-art manufacturing facility dedicated to manufacturing wires for the automobile industry. This plant became operational in 2008.

We also manufacture telephone, intercom, coaxial and numerous types of special cables which include airfield lighting, control cables or other items as per the requirements of the customers.

BRILLIANT 60 YEARS

# ALUMINIUM SECTIONS

Alumex is the brand name under which Pakistan Cables Ltd. manufactures aluminium sections for architectural, construction and industrial applications.

Alumex sections are extruded from best quality imported AA6063 billets. This is the internationally recommended alloy grade for architectural and structural applications. These sections are anodized on a fully automatic plant. We have the capability to offer four elegant colours of anodized sections.

In addition to anodized sections, powder coated Alumex sections are also available in any imaginable colour to match the taste of the customers. We use only polyester based powders, manufactured & supplied by reputable companies. These are thermosetting types, specially designed for “façade” use. These coatings can withstand the rigors of ultra violet rays in the atmosphere.

The advantages of Alumex aluminium sections are:

i. Scratch free and Corrosion Resistant
ii. Strength & Durability
iii. Uniform Colour & Smooth Finish
iv. Colour Retention
v. Ultra-violet and Humidity Resistant

# COPPER ROD

In 1996, Pakistan Cables set up a plant to manufacture High Conductivity Oxygen Free 8mm Copper Rod. This plant was supplied by Outokumpu Castform Oy, Finland and uses the upcast system of manufacturing 8mm diameter. Our Copper Rod is cast directly from the furnace. Oxygen Free Copper is particularly suited for drawing into wires.

The company expanded its facility of manufacturing of copper rods with the installation of plant procured from the original supplier (Outokumpu Castform Oy, Finland).

Numerous satisfied customers, particularly Enamel Wire Manufacturers will attest to the quality of our Rod. The raw material used is only LME registered “A” grade copper cathodes.

# PVC COMPOUND

In 2008 Pakistan Cables set up its own state-of-the-art PVC Compounding Plant. This plant is designed to provide premium quality PVC compounds for various applications. It has the most sophisticated machinery imported from Kraus Maffei (Germany) and Plasmec (Italy), including automated weighing and dosing systems supported by a polymer laboratory to enable development of customer specific formulations.

Pakistan Cables PVC compound plant ensures timely availability of raw materials for production. The plant also provides us with improved control of our manufacturing processes as the Company continues to expand.

We produce flexible PVC compounds for insulation and sheathing of electric cables, and other flexible PVC compounds for sale to the local and export markets.

# BOARD OF DIRECTORS

## Mr. Mustapha A. Chinoy

**(Chairman)**
**Non-Independent Non-Executive Director**

is a B.Sc in Economics from Wharton School of Finance, University of Pennsylvania, USA with majors in Industrial Management and Marketing. Upon return from United States, he took up the position of Marketing Manager at International Industries Ltd. He is currently the Chairman of Pakistan Cables Ltd. and a director on the Board of International Steels Ltd., Travel Solutions (Pvt.) Ltd., Global E-Comerce Services (Pvt) Ltd., Crea8ive Bench (Pvt) Ltd., Universal Training & Development (Pvt) Ltd. and Global Reservation (Pvt) Ltd. He is the Chief Executive of Intermark (Private) Ltd.

He has previously served on the Board of Union Bank Ltd. until it was acquired by Standard Chartered Bank.

He is on the Board of PCL since 1-1-1986

## Syed Naseem Ahmad

**Non-Independent Non-Executive Director**

has done his BSc (Hons) and Masters in Physics. He was previously the Chairman of the Board of Directors, Faysal Bank Ltd. and Chairman and Chief Executive of Philips Electrical Industries of Pakistan Ltd., Pakistan Security Printing Corporation, Security Papers Ltd. and Sicpa Inks Pakistan (Pvt.) Ltd. He was also Chairman of Engro Chemicals Ltd. and Vice-Chairman of Karachi Port Trust. He has also served on the Board of Wazir Ali Industries Ltd., Security Leasing (Pvt.) Ltd., ABN AMRO Bank and RBS. He was also on the Board of Pak Arab Refinery and Sui Southern Gas Company.

He is on the Board of PCL since 17-5-1999

## Mr. Peter Armstrong Campbell

**Non-Independent Non-Executive Director – Nominee of GK Technologies Inc, USA (a subsidiary of General Cable Corporation, USA)**

has a Bachelor of Science degree in Chemical Engineering from the University of Strathclyde (United Kingdom). He has spent a significant part of his career living and working throughout the Asia Pacific region. Mr. Campbell serves on the Board of Directors of General Cable's Asia Pacific companies.

He is on the Board of PCL since 5-5-2014

## Ms. Sadia Khan

Independent Non-Executive Director

is a MBA from INSEAD (France), a Master in Economics from Yale University (USA) and an undergraduate degree from Cambridge University (UK).

Ms. Khan has extensive experience in finance and management having worked with highly reputed institutions. She has worked as a Corporate Analyst with Lehman Brothers USA, Consultant with United Nations Development Programme, Financial Economist with Asian Development Bank (Phillipines), Executive Director with Securities & Exchange Commission of Pakistan and Head of Strategic Management with State Bank of Pakistan.

She is presently the CEO of Selar Enterprises (Pvt) Ltd. Director Delta Transport (Pvt) Ltd., United Arab Shipping Agency Company, Pakistan, HBL Asset Management and National Testing Services.

She is on the Board of PCL since 18-1-2013

## Mr. Roderick Macdonald, MBE

Non-Independent Non-Executive Director – Nominee of GK Technologies Inc, USA
(a subsidiary of General Cable Corporation, USA)

is a consultant with Core Corporate Consulting LLC. Prior to this he spent 12 years as Executive Vice President of Global Sales and Business Development for General Cable Corporation. He joined General Cable in 1999 as Senior Vice President and General Manager of their Building Wire business. From 1994 he held various executive appointments within Commonwealth Industries including President of Alflex Corporation. He began his career in military and government service. He served 25 years as an officer in the British Army, Royal Engineers, which included leading soldiers in combat in Northern Island and the Falkland Islands. He ended his distinguished career as Brigadier. Mr. Macdonald holds a Bachelor of Science degree in Mechanical Engineering from the Royal Military College of Science and completed the Advanced Management Program at Harvard Business School. He is a Fellow of the Institute of Mechanical Engineers in the UK and a registered (Chartered) engineer in both the UK and Europe. He was made a Member of the Order of the British Empire (MBE) in the UK in 1983.

He is on the Board of PCL since 23-11-2010.

## Mr. Muhammad Raeesuddin Paracha

Non-Independent Non-Executive Director

is a senior government officer with 32 years' experience of administration and management in feudal / provincial governments including the District Management Group, Ministry for Rural Development, Ministry of Housing & Town Planning and Ministry of Law, Justice & Human Rights. He has attended many training courses. Currently he is an executive Director (M-II/BS-21) of State Life Insurance Corporation and a Director of Fauji Fertilizer Company Ltd, Orix Leasing Company Ltd, Sui Southern Gas Company Ltd, Sui Northern Gas Company Ltd and Pakistan Cables Ltd.

He is on the Board of PCL since 5-5-2014

## Mr. Haroun Rashid

**Non-Independent Non-Executive Director**

is a Fellow Member of the Institute of Chartered Accountants (England & Wales), Certified Investment Advisor & Securities Dealer, Securities Commission of Hong Kong. Presently he is Director and Chairman Audit Committee of MCB Arif Habib Savings & Investments Ltd., and a partner in Heritage Developments and Rashid Poultry.

Previously he has been Managing Director of Kashmir Edible Oils Ltd., ANZ Securities Asia Ltd – Hong Kong and Director of Financial Executives Institute – Hong Kong, Public Procurement Regulatory Authority (PPRA), Pakistan Agriculture Storage & Services Corporation Ltd., Union Bank Ltd. and Fidelity Investment Bank Ltd. He has also been a Governor of Lahore General Hospital.

He is on the Board of PCL since 17-5-1993

## Mr. Saquib H. Shirazi

**Independent Non-Executive Director**

is a MBA from Harvard Business School. He is presently CEO Atlas Honda Ltd. He is also on the Board of Atlas Power Ltd., Shirazi Investment (Pvt.) Ltd., Shirazi Trading Company (Pvt.) Ltd., Shirazi Capital (Pvt.) Ltd., Cherat Cement Ltd., and Pakistan Petroleum Ltd.

He is on the Board of PCL since 8-5-2008

## Mr. Kamal A. Chinoy

**(Chief Executive)**

is a graduate of Wharton School, University of Pennsylvania, USA. He is Honorary Consul General of the Republic of Cyprus. Mr. Kamal Chinoy is a member of the executive committee of the International Chamber of Commerce, Pakistan and is also a past President of the Management Association of Pakistan (MAP).

He is a ‘Certified Director’ from the Pakistan Institute of Corporate Governance.

He has served as Chairman of the Aga Khan Foundation (Pakistan) and also as a Director of Pakistan Centre of Philanthropy, Pakistan Security Printing Corporation and Atlas Insurance. Currently he is the Chairman of Jubilee Life Insurance Co., Director of the Atlas Battery Ltd., NBP Fullerton Asset Management Ltd., International Steels Ltd., International Industries Ltd., ICI Pakistan Ltd. and a member of the Board of Governors of Army Burn Hall Institutions. He is also an advisor to Tharpak, a consortium of international companies.

He is on the Board of PCL since 31-5-1992.

# MANAGEMENT TEAM

**Standing (Starting left): Mr. Azmatullah Bhalli (Regional Manager Central), Mr. Shahzad Anwar (Manager Engineering), Mr. Shahid B. Bhatty (Manager Exports Afghanistan), Mr. Atta-ul-Hai Khan (Technical Manager), Mr. Hussan Khokhar (Regional Manager North), Mr. M. Tanwir Aslam (Manager Material Control & Process Eng.), Mr. Ahmed Raza Kamran (Sales Manager Afghanistan), Mr. M. Yousuf Darbari (Factory HR and Admin Manager), Mr. Zeeshan Syed (Manager Production Planning & Operation Excellence), Mr. Asim Muhammad Khan (Business Unit Head), Mr. Aslam Sadruddin (Finance Director), Mr. Hasan Irfaan (G.M. Operations), Mr. Kamal A. Chinoy (Chief Executive), Mr. Moinuddin Silat (Materials Manager), Mr. Fahd K. Chinoy (National Sales & Marketing Manager), Lt Col(R ) Abdul Razaq (Manager Security), Mr. Kashif Ahmed Zahidi (Manufacturing Manager), Mr. S.M. Athar Farid (Training Program Manager), Mr. Noor ul Hasnain Malik (Production Manager)**

**Mr. Kamal A. Chinoy** (Chief Executive)
B.Sc. Economics from the Wharton School, University of Pennsylvania, USA. Joined PCL in 1992.

**Mr. Aslam Sadruddin** (Finance Director)
Fellow Member of the Institute of Chartered Accountants of Pakistan. Also a Law graduate. Joined PCL in 1993.

**Mr. Hasan Irfaan** (G.M. Operations)
PGD in Advance Electronics From Philips International Institute, Netherlands. Joined PCL in 2013.

**Mr. Noor ul Hasnain Malik** (Production Manager)
Graduate from Karachi University. Joined PCL in 1993.

**Mr. Shahzad Anwar** (Manager Engineering)
B.E. in Mechanical Engineering from NED and MBA in Industrial Marketing from IBA. Joined PCL in 2013.

**Mr. M. Tanwir Aslam**
(Manager Material Control & Process Engineering)
B.E in Metallurgical Engineering form NED University. Lifetime member of Pakistan Engineering Council. Joined PCL in 2011.

**Mr. Azmatullah Bhalli** (Regional Manager Central)
MBA from University of Oklahoma, USA.
Joined PCL in 1999.

**Mr. Shahid B. Bhatty** (Manager Exports Afghanistan)
Bachelor in Economics & Political Science from University of Punjab.
Joined PCL in 1989.

**Lt Col(R ) Abdul Razaq** (Manager Security)
MA Economics from Shah Abdul Latif University, Khairpur.
Joined PCL in 2014.

**Mr. Fahd K. Chinoy** (National Sales & Marketing Manager)
MBA from INSEAD, Fontainebleau, France and BA in Economics & Political Science from the University of Pennsylvania, USA. He is with PCL since 2008.

**Mr. M. Yousuf Darbari** (Factory HR and Admin Manager)
MBA from Common Wealth-AIOU and M.A. International Relations.
Joined PCL in 2012.

**Mr. S.M. Athar Farid** (Training Program Manager)
B.E. in Electrical Engineering from NED and MBA in Marketing from IBA.
With PCL since 1976.

**Mr. Ahmed Raza Kamran** (Sales Manager Afghanistan)
MBA in Marketing from University of Punjab.
Joined PCL in 2012.

**Mr. Asim Muhammad Khan** (Business Unit Head-APB)
B.E. in Civil Engineering from NED and MBA in Marketing from IBA.
Joined PCL in 2012.

**Mr. Hussan Khokhar** (Regional Manager North)
Business Management Program from Whatcom Business School, Washington, USA under scholarship
Joined PCL in 2014.

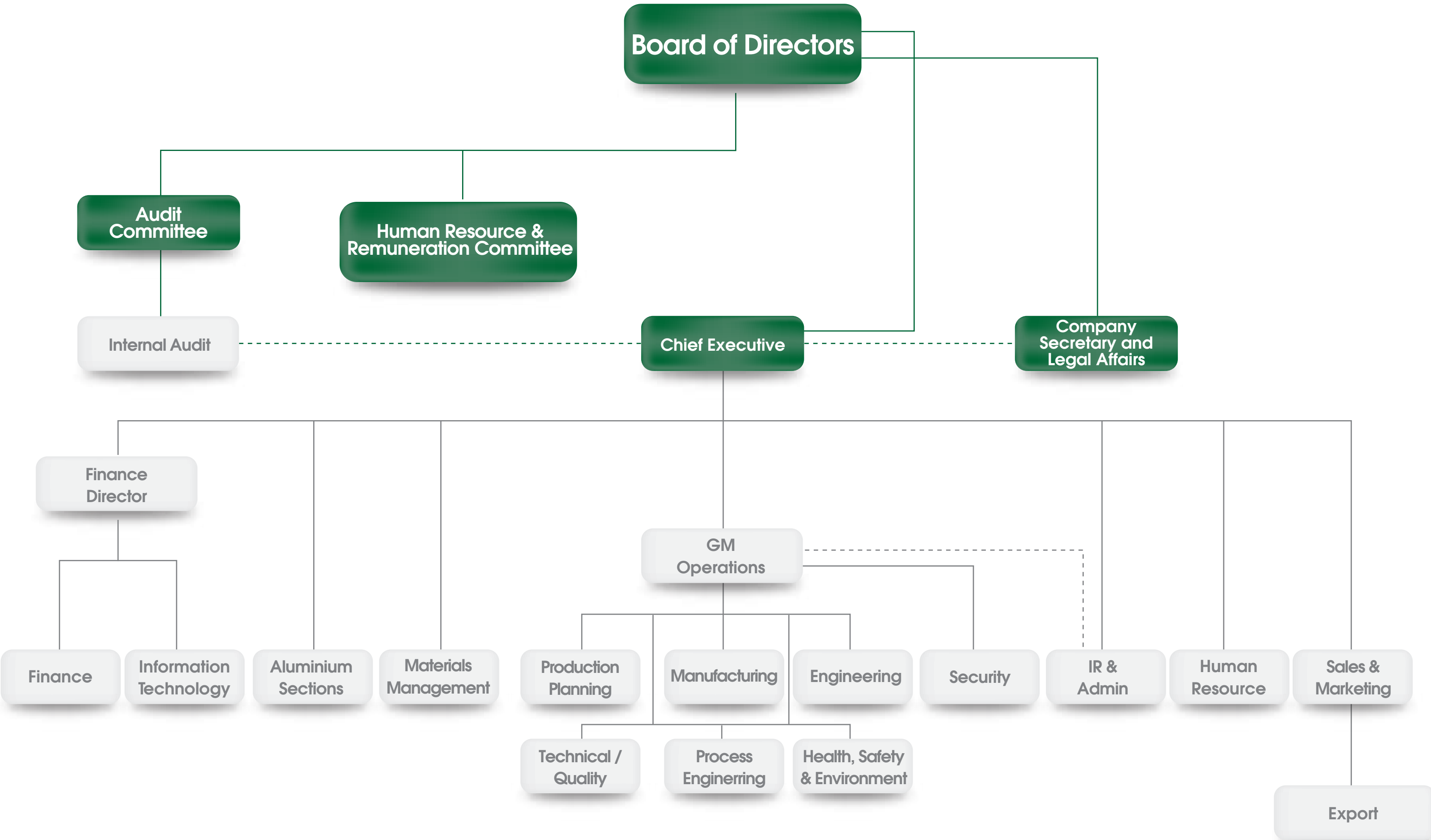
**Mr. Moinuddin Silat** (Materials Manager)
Graduate in Commerce from S.M. College.
Joined PCL in 2003.

**Mr. Kashif Ahmed Zahidi** (Manufacturing Manager)
B.E in Electrical Engineering from the Frederick Institute of Technology, Cyprus.
Joined PCL in 2013.

**Mr. Zeeshan Syed**
(Manager Production Planning & Operation Excellence)
MS in Energy systems BE in Mechanical Engn. (NED University).
ASQ Certified Lean - Sigma professional. Joined PCL in 2012.

**Mr. Atta-ul-Hai Khan** (Technical Manager)
Diploma of Associate Engineer (DAE) & BE in Mechnical technology from NED University. Joined PCL in 2014.

# ORGANIZATIONAL STRUCTURE



# Committees of the Board of Directors & Management

## Committees of the Board of Directors

### Audit Committee

| | |
|---|---|
| Haroun Rashid | Chairman |
| Sadia Khan | |
| Roderick Macdonald | |

### Human Resource & Remuneration Committee

| | |
|---|---|
| Syed Naseem Ahmad | Chairman |
| Mustapha A. Chinoy | |
| Saquib H. Shirazi | |
| Kamal A. Chinoy | |

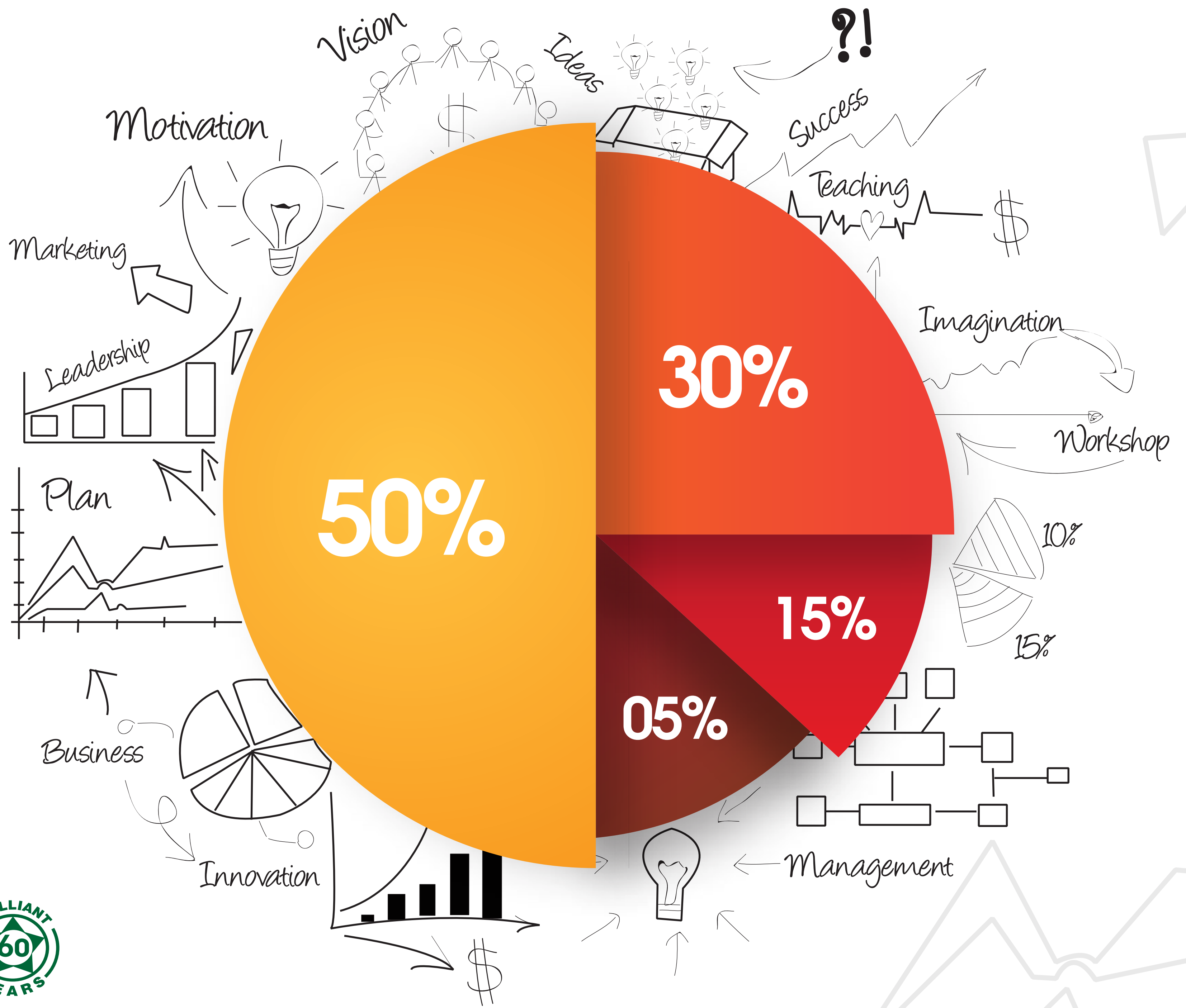
## Committees of the Management

### Management Committee

| | |
|---|---|
| Chief Executive | Chairman |
| Finance Director | |
| G.M. Operations | |
| HR Manager | |
| National Sales & Marketing Manager | |

### Operations Committee

| | |
|---|---|
| Chief Executive | Chairman |
| Finance Director | |
| National Sales & Marketing Manager | |
| G.M. Operations | |
| Manager Materials | |
| Manufacturing Manager | |
| Production Manager | |
| Manager Material Control & Process Engineering | |
| Engineering Manager | |
| Training Program Manager | |
| Business Unit Head APB | |
| Factory HR & Admin Manager | |
| Security Manager | |
| Manager Production Planning & Operation Excellence | |


50%
30%
15%
05%
Vision
Ideas
?!
Success
Motivation
Teaching
Marketing
Imagination
Leadership
Workshop
Plan
10%
15%
Business
Innovation
Management

# FINANCIAL STATEMENTS

# SHAREHOLDERS' INFORMATION

## Annual General Meeting

The annual meeting of the shareholders will be held on 29th October 2014 at 11:30 a.m. at Beach Luxury Hotel, M.T. Khan Road, Karachi.

Any shareholder may appoint a proxy to attend and vote at the meeting on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC shareholders or their proxies are requested to bring copies of their National Identity Card along with the participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

## Financial Calendar

The Company follows the period of July 01 to June 30 as the Financial Year.

For the Financial Year 2014-15, Financial Results will be announced as per the following tentative schedule:

| | |
|---|---|
| 1st Quarter ending September 30, 2014 | Last week of October 2014 |
| 2nd Quarter ending December 31, 2014 | Last week of January 2015 |
| 3rd Quarter ending March 31, 2015 | Last week of April 2015 |
| Year ending June 30, 2015 | Second week of August 2015 |

## Investor Relations Contact

Mr. M. Ashfaq Alam
Email: finance@pakistancables.com
Phone: (021) 32561170-5 Fax: (021) 32564614

In compliance with the requirements of section 204 (A) of The Companies Ordinance 1984, THK Associates (Pvt.) Limited has been appointed as Share Registrar of the Company.

The address, contact numbers and timings of THK Associates (Pvt.) Limited are given below:

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530
Telephone No. : (021) 111-000-322 Fax No. : (021) 35655595
Timings : 9:30 am to 12:30 pm & 2:30 pm to 4:30 pm (Monday to Friday)

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 61st Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Wednesday the 29th day of October 2014 at 11:30 a.m. at Beach Luxury Hotel, M. T. Khan Road, Karachi, to transact the following business:

## ORDINARY BUSINESS

1. To receive and consider the Statement of Accounts for the year ended June 30, 2014 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of dividend as recommended by the Directors. The Directors have recommended a final cash dividend of 45% for the financial year ended June 30, 2014.

3. To appoint Auditors for the ensuing year and to fix their remuneration (KPMG Taseer Hadi & Co., Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment). As required by paragraph xxxv of the Code of Corporate Governance, the Board of Directors recommends, based on the recommendation of the Audit Committee, the appointment of KPMG Taseer Hadi & Co. as auditors for the ensuing year.

4. To transact any other ordinary business which may legally be transacted at an Annual General Meeting.

By Order of the Board
Sana Shah
Company Secretary

KARACHI: October 03, 2014

BRILLIANT 60 YEARS

# NOTES

1. The Shares Transfer Books of the Company will remain closed from Octoder 16th, 2014 to October 29th, 2014 (both days inclusive). No transfers will be accepted for registration during this period.

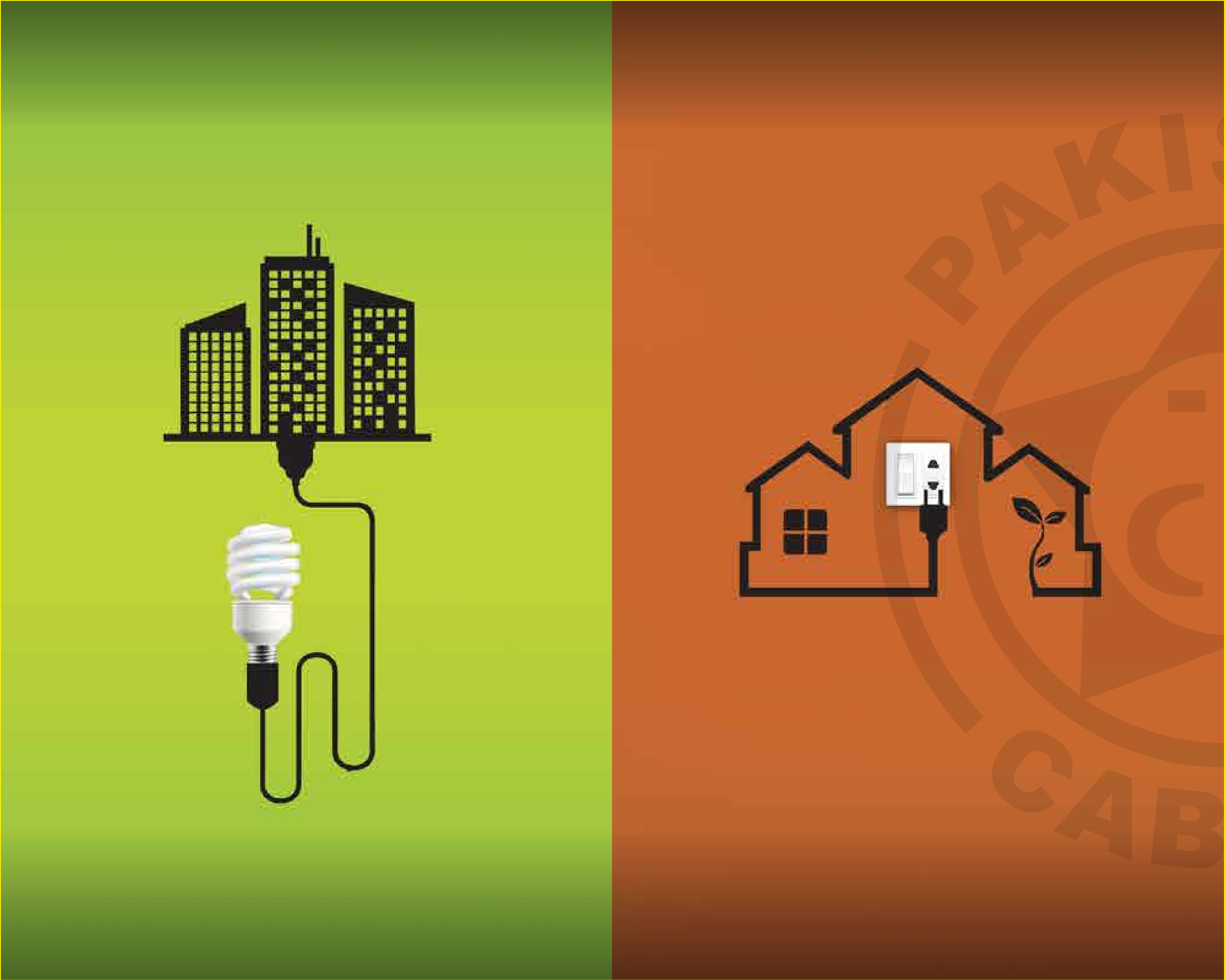
2. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must be a member of the Company.

3. The instrument appointing the proxy and the Power of Attorney or other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's Registered Office i.e. B-21, S.I.T.E., Karachi, not later than 48 hours before the time of the Meeting.

4. CDC Account Holders will have to follow the guidelines below as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan:

   A. For attending the Meeting:
   (i) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the Meeting.
   (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   B. For Appointing Proxies:
   (i) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the CDC Regulations, shall submit the proxy form as per above requirement.
   (ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
   (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   (iv) The proxy shall produce his/her original NIC or original passport at the time of the Meeting.
   (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.



## 1953

Pakistan Cables was established and started manufacturing General Wiring Cables with Natural Rubber Insulation.

PCL factory being built.

Late Chairman, Mr. Amir S. Chinoy meets guests at the opening ceremony of the PCL factory.

Mr. Habib Rahimtoola the Honourable Federal Minister for Commerce and Industry, cuts the tape at the factory entrance and declares it open.

## 1984

Established Anodizing plant for manufacturing of doors & window sections.
Introduced for the first time in Pakistan MV XLPE Cables for supply to KESC.

Drum of MV XLPE Cables.

## 1996

Set up state-of-the-art Outokumpu plant to manufacture High Conductivity Oxygen Free Copper Rod.

Mr. Kamal A. Chinoy, Chief Executive, receives Top 25 Companies Award from Mr. Shaukat Aziz (former Prime Minister of Pakistan).

## 2007

Achieved net sales of over Rs. 4 billion.
Received "Brands of the Year" Award for Wire & Cables and Copper Rod.
Received Top 25 Companies Award from Karachi Stock Exchange.

## 2008

Received Best Corporate Report Award from Joint Committee of ICAP and ICMAP for the Year 2006/07.
Received Top 25 Companies Award from Karachi Stock Exchange.

## 2008

Completed upstream expansion by inaugrating new PVC Compounding Plant.
Received "Brands of the Year" Award for Wire & Cables and Copper Rod.

At the opening ceremony (from L to R) Mrs. John Dean, Mrs. Almas Chinoy, Mrs. M.G. Brown, Mrs. P.M. Beecheno, General Sir Ronald Scobie and Mr. John Dean.

## 1960

Introduced General Wiring Cables with PVC insulation for the first time in Pakistan.


90 meter coil of General Wiring

## 1968

Established Factory for LV Armoured Cables up to 3.3 KV for the first time in Pakistan.
Installed Aluminium Rod Extrusion Plant.

Copper Rod Plant.

## 1997

Was the first cable manufacturer to recieve ISO 9002 certification.


Was the first cable manufacturer to receive ISO 9002 certification.

## 1998

Received Achievement Award for outstanding performance, presented by the President of Pakistan.

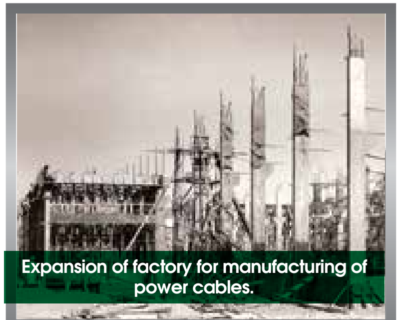
Mr. Kamal A. Chinoy, Chief Executive,receives Top 25 Companies Award from Mr. ShaukatTareen (former Finance Minister of Pakistan)

Fully automated PVC Compounding Plant.

Mr. Aslam Sadruddin, Finance Director, receives Brand of the Year Award from Prime Minister Yusuf Raza Gilani.

## 2009

Made operational a 2 MW gas-fired tri-generation power generating plant.
Set up a new plant for the manufacture of automobile cables.
Received ISO 9001:2008 certification.

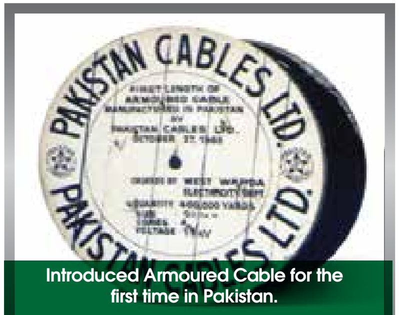


Expansion of factory for manufacturing of power cables.

Fomer President Ayub Khan visits PCL. The late Chairman, Mr. Amir S. Chinoy is second from the left.

## 1969

The Schloemann Press for processing aluminium cable was installed.




Introduced Armoured Cable for the first time in Pakistan.

## 2000

Was amongst the first 5 companies in Pakistan and was the first and only cable and aluminium manufacturer in Pakistan to be certified to ISO 9001:2000 version.

## 2001

Introduced LV XLPE cables fully type tested by KEMA Holland for the first time in Pakistan.

## 2003

Introduced powder coated Aluminium Profiles.
Commemorated 50th Anniversary.
Selected for Top 25 Companies Award from Karachi Stock Exchange.

GE Janbacher gas fired generator installed at 2 MW power plant.

Multi-wire bunching machine at the new automobile cable plant.

## 2010

General Cable Corporation, a Fortune 500 company and world leader in cable manufacturing made an investment to take it 25% equity stake in Pakistan Cables.


Mr. Gregory B. Kenny, President General Cable at the signing ceremony along side Mr. Kamal A. Chinoy CEO Pakistan Cables.

## 1974

Manufactured Field Communication Cables used by Pakistan's Armed Forces.

## 1978-80

1978 - Receipt of Award of Top 25 Companies on the Karachi Stock Exchange.
1979 - Launched aluminium extruded sections.
1980 - Receipt of Award of Top 25 Companies on the Karachi Stock Exchange.

Receipt of Award of Top 25 Companies on the Karachi Stock Exchange in 1978.

## 1982-83

Received Corporate Excellence Award from Management Association of Pakistan. Awarded to the 6 best managed companies.

## 2004

Achieved net sales of over Rs. 1 billion.

## 2005

Achieved net sales of over Rs. 2 billion.

## 2006

Achieved net sales of over Rs. 3 billion.
Expanded capacity of Outokumpu Plant.
Received Top 25 Companies Award from Karachi Stock Exchange.

## 2011

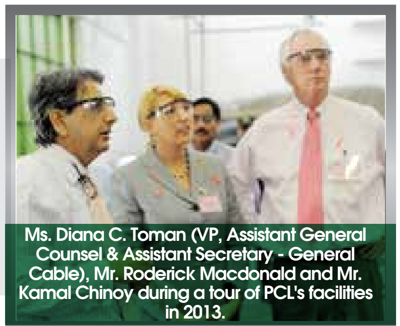
Received ISO 14001:2004 Certification
Received OHSAS 18001:2007 Certification

## 2012

Achived net sales of over Rs. 5 billion.
Received Best Corporate Report Award from Joint Committee of ICAP and ICMAP for the Year 2010.

## 2013

Celebrated 60 brilliant years!



Ms. Diana C. Toman (VP, Assistant General Counsel & Assistant Secretary - General Cable), Mr. Roderick Macdonald and Mr. Kamal Chinoy during a tour of PCL's facilities in 2013.

# KEY FINANCIAL DATA

| | 2013-2014 Rs. Million | (Restated) 2012-2013 Rs. Million | 2011-2012 Rs. Million | 2010-2011 Rs. Million | 2009-2010 Rs. Million | 2008-2009 Rs. Million | 2007-2008 Rs. Million |
|---|---|---|---|---|---|---|---|
| **Financial Results** | | | | | | | |
| Sales | **6,599.5** | 6,164.6 | 5,344.6 | 4,096.4 | 3,798.8 | 3,352.3 | 3,794.9 |
| Gross Profit | **876.9** | 703.0 | 687.6 | 519.6 | 412.3 | 532.4 | 369.9 |
| Operating profit | **482.0** | 342.9 | 348.4 | 250.7 | 197.7 | 350.9 | 7.0 |
| Profit before tax | **391.1** | 259.9 | 240.9 | 146.7 | 52.3 | 101.8 | 53.6 |
| Profit after tax | **222.3** | 172.9 | 139.9 | 85.7 | 45.5 | 63.9 | 65.4 |
| Earning before interest, tax, depreciation and amortization (EBITDA) | **615.3** | 472.1 | 430.6 | 361.0 | 323.1 | 432.4 | 257.0 |
| Dividend | **128.1** | 113.9 | 92.5 | 56.9 | 32.2 | 48.3 | - |
| Bonus Issue | **-** | - | - | - | - | - | 19.5 |
| Capital expenditure | **133.3** | 33.0 | 35.9 | 34.2 | 30.2 | 169.9 | 338.4 |
| Fixed assets at cost/revaluation | **2,519.3** | 2,302.4 | 2,285.0 | 2,254.0 | 2,218.0 | 2,192.0 | 1,776.4 |
| Current assets less current liabilities | **1,008.3** | 958.6 | 816.7 | 569.7 | 41.4 | 78.7 | 2.7 |
| **Cash Flow from:** | | | | | | | |
| Operating activities | **(63.4)** | 114.5 | 496.8 | (4.0) | (562.4) | 630.2 | 31.8 |
| Investing activities | **(129.0)** | (24.4) | 26.7 | (27.3) | (25.2) | (164.9) | (246.8) |
| Financing activities | **261.3** | (84.7) | (625.9) | 357.8 | 556.8 | (58.5) | (448.5) |
| Cash and cash equivalents | **(39.6)** | (108.5) | (113.9) | (11.6) | (338.0) | (307.2) | (714.0) |
| **Shareholders' funds** | | | | | | | |
| Issued capital | **284.6** | 284.6 | 284.6 | 284.6 | 214.6 | 214.6 | 195.1 |
| Reserve & retained earning | **1,364.1** | 1,265.0 | 1,176.2 | 1,088.9 | 504.2 | 503.6 | 455.9 |
| Total Shareholders' fund | **1,648.7** | 1,549.6 | 1,460.8 | 1,373.5 | 718.8 | 718.2 | 651.0 |
| Surplus on revaluation of fixed assets | **813.5** | 688.7 | 691.6 | 695.8 | 680.8 | 684.2 | 687.6 |
| Long term Loans & Liabilities | **137.6** | 148.5 | 182.7 | 199.3 | 394.5 | 510.0 | 378.2 |
| Net Assets employed | **2,599.8** | 2,386.8 | 2,335.1 | 2,268.7 | 1,794.2 | 1,912.4 | 1,716.8 |
| **Liquidity** | | | | | | | |
| Current Ratio | **1.6:1** | 1.8:1 | 1.6:1 | 1.4:1 | 1:1 | 1.1:1 | 1:1 |
| Acid Test Ratio | **0.8:1** | 0.9:1 | 0.7:1 | 0.5:1 | 0.5:1 | 0.4:1 | 0.4:1 |
| **Financial Gearing** | | | | | | | |
| Financial Leverage | **44:56** | 38:62 | 42:58 | 46:54 | 62:38 | 53:47 | 60:40 |
| Debt to Equity ratio | **05:95** | 06:94 | 08:92 | 09:91 | 22:78 | 27:73 | 22:78 |
| Interest coverage (Times) | **5.2** | 4.0 | 4.6 | 2.5 | 1.3 | 1.4 | 1.4 |

| | 2013-2014 | (Restated) 2012-2013 | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 | 2007-2008 |
|---|---|---|---|---|---|---|---|
| **Capital efficiency** | | | | | | | |
| Debtors turnover (Times) | **6.4** | 7.0 | 7.5 | 8.6 | 6.0 | 10.4 | 9.6 |
| Inventory turnover (Times) | **4.3** | 5.4 | 3.7 | 2.7 | 3.4 | 4.3 | 3.4 |
| Total assets turnover (Times) | **1.5** | 1.7 | 1.5 | 1.1 | 1.0 | 1.1 | 1.1 |
| Creditor turnover (Times) | **20.9** | 99.3 | 16.8 | 96.7 | 15.1 | 14.1 | 36.2 |
| Operating Cycle No. of days | **124.0** | 116.0 | 125.0 | 174.0 | 144.0 | 94.0 | 135.0 |
| Fixed assets turnover (Times) | **4.2** | 4.4 | 3.6 | 2.6 | 2.3 | 2.0 | 2.3 |
| Capital employed turnover (Times) | **2.5** | 2.6 | 2.3 | 1.8 | 2.1 | 1.8 | 2.2 |
| **Profitability** | | | | | | | |
| Gross profit % | **13.3** | 11.4 | 12.9 | 12.7 | 10.9 | 15.9 | 9.7 |
| Net profit % | **3.4** | 2.8 | 2.6 | 2.1 | 1.2 | 1.9 | 1.7 |
| EBITDA margin % | **9.3** | 7.7 | 8.1 | 8.8 | 8.5 | 12.9 | 6.8 |
| Return on capital employed (ROCE) % | **27.1** | 20.4 | 18.8 | 15.4 | 18.5 | 27.0 | 17.9 |
| ROCE including revaluation surplus % | **18.6** | 14.5 | 13.2 | 10.7 | 11.5 | 17.4 | 10.7 |
| Return on Equity % | **13.5** | 11.2 | 9.6 | 6.3 | 6.3 | 8.9 | 10.0 |
| Return on total assets % | **5.1** | 4.8 | 3.8 | 2.3 | 1.2 | 2.1 | 1.9 |
| **Investment** | | | | | | | |
| Price earning ratio | **12.8** | 10.7 | 7.8 | 13.7 | 25.5 | 11.4 | 36.4 |
| Earning per rupee of sales Rs. | **0.03** | 0.03 | 0.03 | 0.02 | 0.01 | 0.02 | 0.02 |
| Earning per share Rs. | **7.81** | 6.08 | 4.92 | 3.34 | 2.12 | 2.98 | 3.35 |
| Cash dividend per share Rs. | **4.50** | 4.00 | 3.25 | 2.00 | 1.50 | 2.25 | - |
| Bonus issue per share Rs. | **-** | - | - | - | - | - | 1.00 |
| Dividend (cash+bonus) yield % * | **4.51** | 6.17 | 8.52 | 4.40 | 2.94 | 6.61 | 10.00 |
| Dividend payout % | **57.6** | 65.8 | 66.1 | 66.3 | 70.7 | 75.6 | 29.8 |
| Dividend Cover (Times) | **1.7** | 1.5 | 1.5 | 1.5 | 1.4 | 1.3 | 3.4 |
| Market value per share Rs. | **99.8** | 64.8 | 38.2 | 45.6 | 54.0 | 34.0 | 122.0 |
| Market value per share high during the year Rs. | **107.4** | 82.0 | 47.3 | 68.9 | 63.0 | 120.8 | 276.0 |
| Market value per share low during the year Rs. | **60.0** | 38.7 | 31.0 | 45.6 | 34.2 | 27.8 | 122.0 |
| Break-up value per share including surplus on revaluation Rs. | **86.5** | 78.6 | 75.6 | 72.7 | 65.2 | 65.3 | 68.6 |
| Break-up value per share excluding surplus on revaluation Rs. | **57.9** | 54.4 | 51.3 | 48.3 | 33.5 | 33.5 | 33.4 |

| | Rs. Million | Rs. Million | Rs. Million | Rs. Million | Rs. Million | Rs. Million | Rs. Million |
|---|---|---|---|---|---|---|---|
| **Value addition and its distribution** | | | | | | | |
| Employees as remuneration | **435.2** | 378.2 | 333.7 | 295.4 | 251.8 | 239.8 | 229.2 |
| Government as taxes | **1,411.1** | 1,169.8 | 1,008.3 | 846.0 | 708.7 | 582.7 | 698.7 |
| Shareholders as dividends | **128.1** | 113.9 | 92.5 | 56.9 | 32.2 | 48.3 | 19.5 |
| Provider of Finance | **93.0** | 86.0 | 67.7 | 95.9 | 154.5 | 230.0 | 130.3 |
| Society | **5.0** | 4.1 | 3.2 | 2.0 | 0.2 | 1.5 | 1.0 |
| Retained within the business | **85.0** | 67.5 | 51.5 | 32.5 | 16.5 | 19.0 | 58.0 |

*** Based on market value of June 30**

# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

| | 2013-2014 Rs. '000 | % Change w.r.t. 2013 | 2012-2013 Rs. '000 | % Change w.r.t. 2012 | 2011-2012 Rs. '000 | % Change w.r.t. 2011 |
|---|---|---|---|---|---|---|
| **Balance Sheet** | | | | | | |
| Total equity | 2,462,215 | 10 | 2,238,354 | 4 | 2,152,397 | 4 |
| Total non-current liabilities | 137,626 | (7) | 148,455 | (19) | 182,748 | (8) |
| Total current liabilities | 1,764,408 | 46 | 1,205,257 | (10) | 1,344,012 | (13) |
| Total equity and liabilities | 4,364,249 | 21 | 3,592,066 | (2) | 3,679,157 | (3) |
| Total non-current assets | 1,591,583 | 11 | 1,428,231 | (6) | 1,518,462 | (11) |
| Total current assets | 2,772,666 | 28 | 2,163,835 | 0 | 2,160,695 | 2 |
| Total assets | 4,364,249 | 21 | 3,592,066 | (2) | 3,679,157 | (3) |
| **Profit and Loss Account** | | | | (Restated) | | |
| Net sales | 6,599,512 | 7 | 6,164,555 | 15 | 5,344,571 | 30 |
| Gross profit | 876,876 | 25 | 702,991 | 2 | 687,595 | 32 |
| Operating profit | 482,011 | 41 | 342,899 | (2) | 348,442 | 39 |
| Profit before tax | 391,096 | 50 | 259,945 | 8 | 240,956 | 64 |
| Profit after tax | 222,314 | 29 | 172,929 | 24 | 139,956 | 63 |

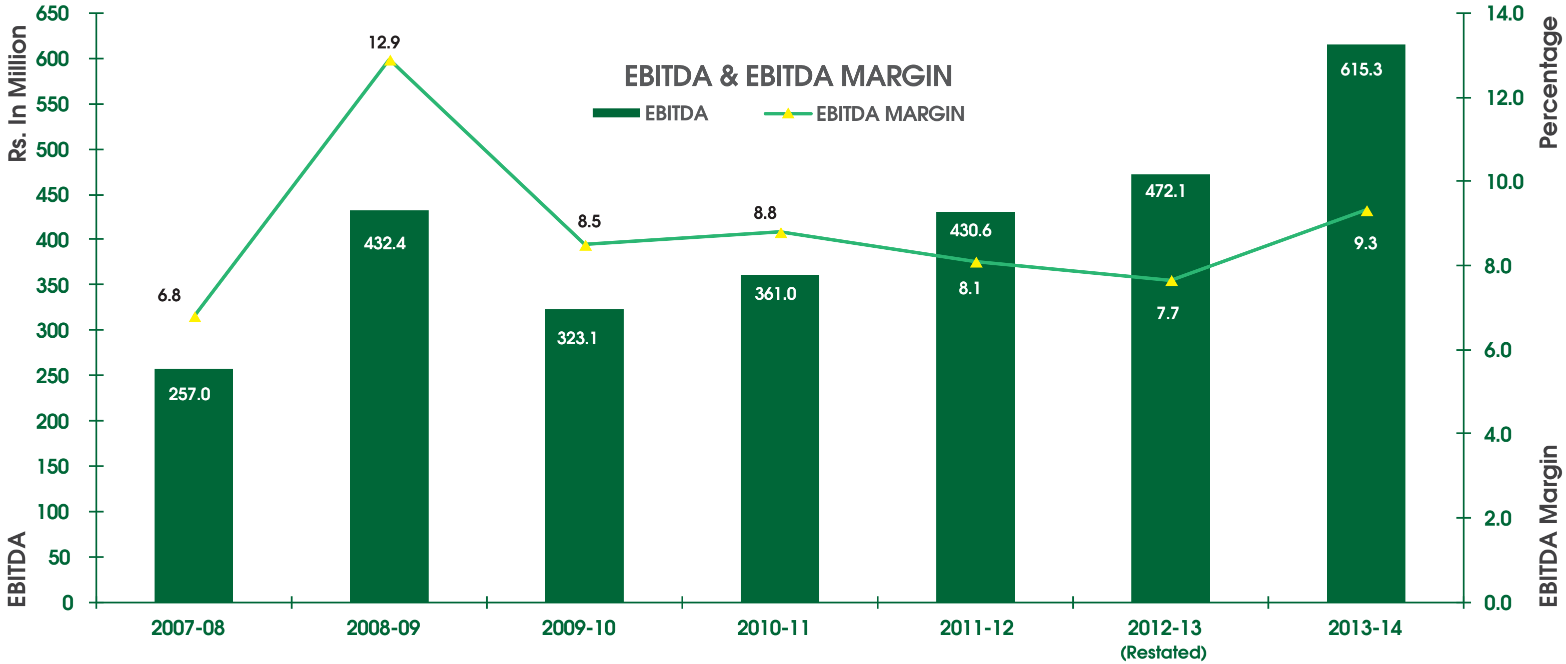
| 2010-2011 Rs. '000 | % Change w.r.t. 2010 | 2009-2010 Rs. '000 | % Change w.r.t. 2009 | 2008-2009 Rs. '000 | % Change w.r.t. 2008 | 2007-2008 Rs. '000 | % Change w.r.t. 2007 |
|---|---|---|---|---|---|---|---|
| 2,069,366 | 48 | 1,399,658 | (0) | 1,402,442 | 5 | 1,338,521 | 16 |
| 199,299 | (49) | 394,541 | (23) | 510,026 | 35 | 378,254 | 46 |
| 1,539,111 | (17) | 1,846,750 | 69 | 1,095,266 | (33) | 1,629,125 | 4 |
| 3,807,776 | 5 | 3,640,949 | 21 | 3,007,734 | (10) | 3,345,900 | 12 |
| 1,698,948 | (3) | 1,752,787 | (4) | 1,833,749 | 7 | 1,714,085 | 35 |
| 2,108,828 | 12 | 1,888,162 | 61 | 1,173,985 | (28) | 1,631,815 | (5) |
| 3,807,776 | 5 | 3,640,949 | 21 | 3,007,734 | (10) | 3,345,900 | 12 |
| | | | | | | | |
| 4,096,391 | 8 | 3,798,847 | 13 | 3,352,328 | (12) | 3,794,949 | (9) |
| 519,615 | 26 | 412,349 | (23) | 532,355 | 44 | 369,880 | (40) |
| 250,673 | 27 | 197,708 | (41) | 332,335 | 4676 | 6,959 | (98) |
| 146,682 | 180 | 52,306 | (49) | 101,841 | 90 | 53,607 | (82) |
| 85,682 | 88 | 45,506 | (29) | 63,921 | (2) | 65,397 | (66) |

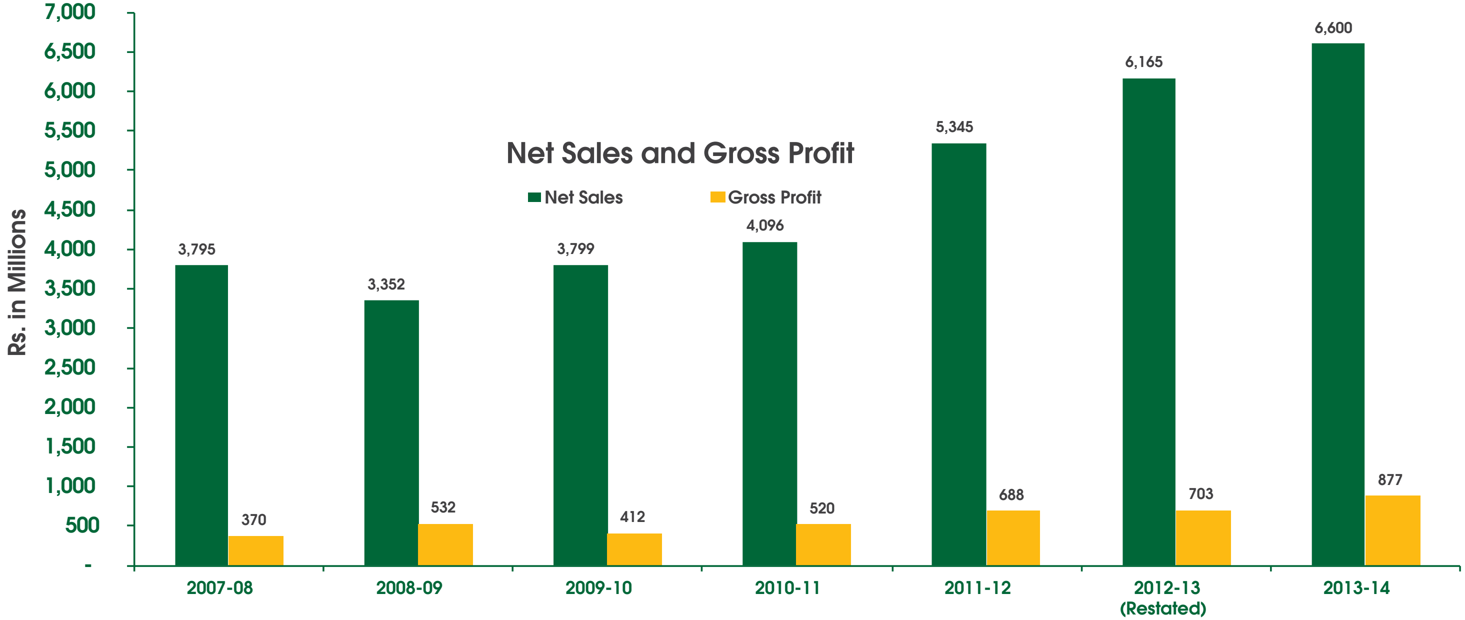
# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

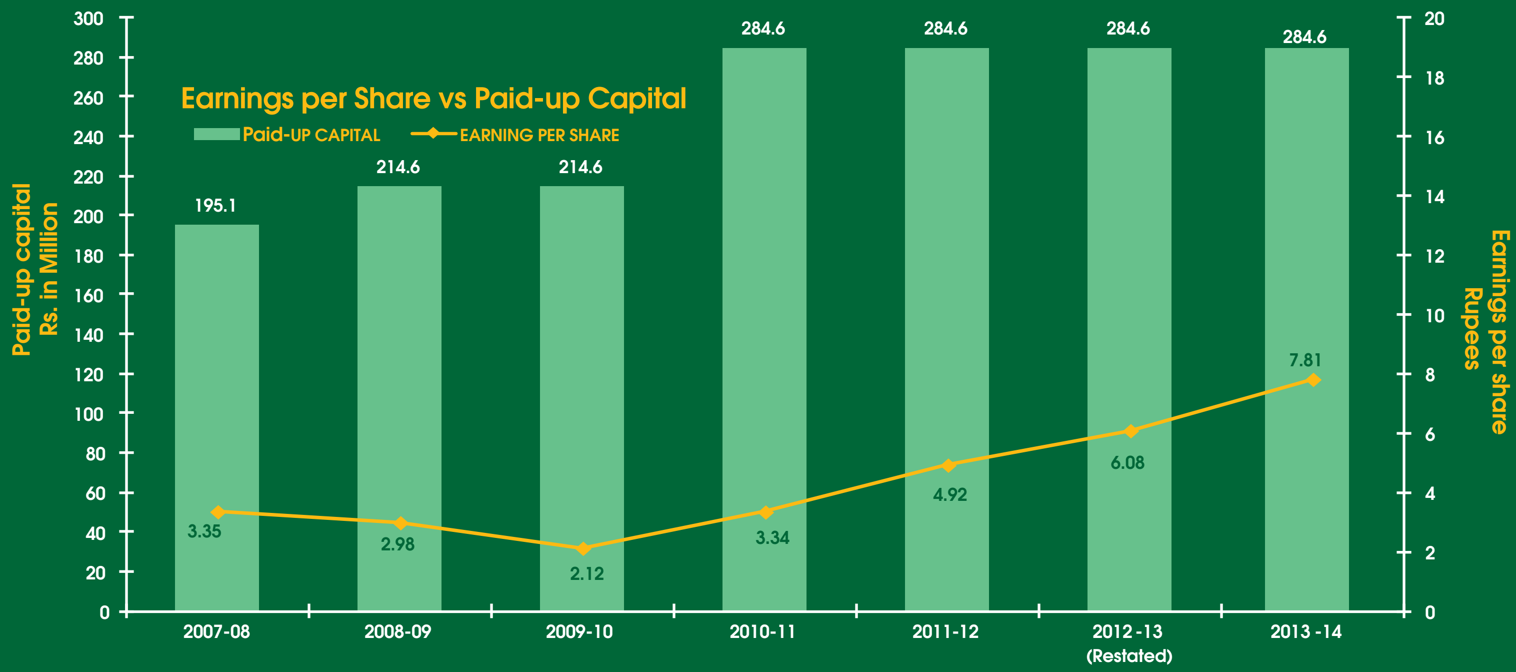
| | 2013-2014 | | 2012-2013 | | 2011-2012 | |
|---|---|---|---|---|---|---|
| | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % |
| **Balance Sheet** | | | | | | |
| Total equity | **2,462,215** | **56.42** | 2,238,354 | 62.31 | 2,152,397 | 58.50 |
| Total non-current liabilities | **137,626** | **3.15** | 148,455 | 4.13 | 182,748 | 4.97 |
| Total current liabilities | **1,764,408** | **40.43** | 1,205,257 | 33.55 | 1,344,012 | 36.53 |
| Total equity and liabilities | **4,364,249** | **100.00** | 3,592,066 | 100.00 | 3,679,157 | 100.00 |
| Totoal non-current assets | **1,591,583** | **36.47** | 1,428,231 | 39.76 | 1,518,462 | 41.27 |
| Total current assets | **2,772,666** | **63.53** | 2,163,835 | 60.24 | 2,160,695 | 58.73 |
| Total assets | **4,364,249** | **100.00** | 3,592,066 | 100.00 | 3,679,157 | 100.00 |
| **Profit and Loss Account** | | | **(Restated)** | | | |
| Net sales | **6,599,512** | **100.00** | 6,164,555 | 100.00 | 5,344,571 | 100.00 |
| Gross profit | **876,876** | **13.29** | 702,991 | 11.40 | 687,595 | 12.87 |
| Operating profit | **482,011** | **7.30** | 342,899 | 5.56 | 348,442 | 6.52 |
| Profit before tax | **391,096** | **5.93** | 259,945 | 4.22 | 240,956 | 4.51 |
| Profit after tax | **222,314** | **3.37** | 172,929 | 2.81 | 139,956 | 2.62 |

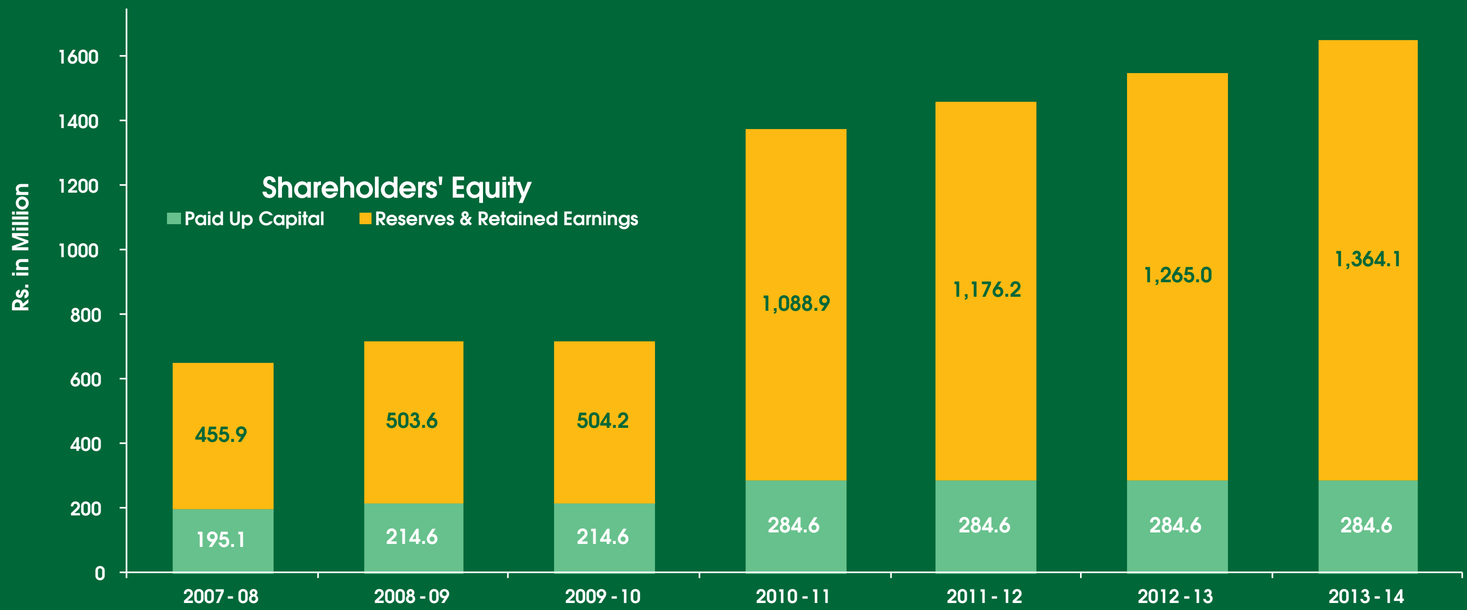
| 2010-2011 | | 2009-2010 | | 2008-2009 | | 2007-2008 | |
|---|---|---|---|---|---|---|---|
| Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % |
| 2,069,366 | 54.35 | 1,399,658 | 38.44 | 1,402,442 | 46.63 | 1,338,521 | 40.00 |
| 199,299 | 5.23 | 394,541 | 10.84 | 510,026 | 16.96 | 378,254 | 11.31 |
| 1,539,111 | 40.42 | 1,846,750 | 50.72 | 1,095,266 | 36.41 | 1,629,125 | 48.69 |
| 3,807,776 | 100.00 | 3,640,949 | 100.00 | 3,007,734 | 100.00 | 3,345,900 | 100.00 |
| 1,698,948 | 44.62 | 1,752,787 | 48.14 | 1,833,749 | 60.97 | 1,714,085 | 51.23 |
| 2,108,828 | 55.38 | 1,888,162 | 51.86 | 1,173,985 | 39.03 | 1,631,815 | 48.77 |
| 3,807,776 | 100.00 | 3,640,949 | 100.00 | 3,007,734 | 100.00 | 3,345,900 | 100.00 |

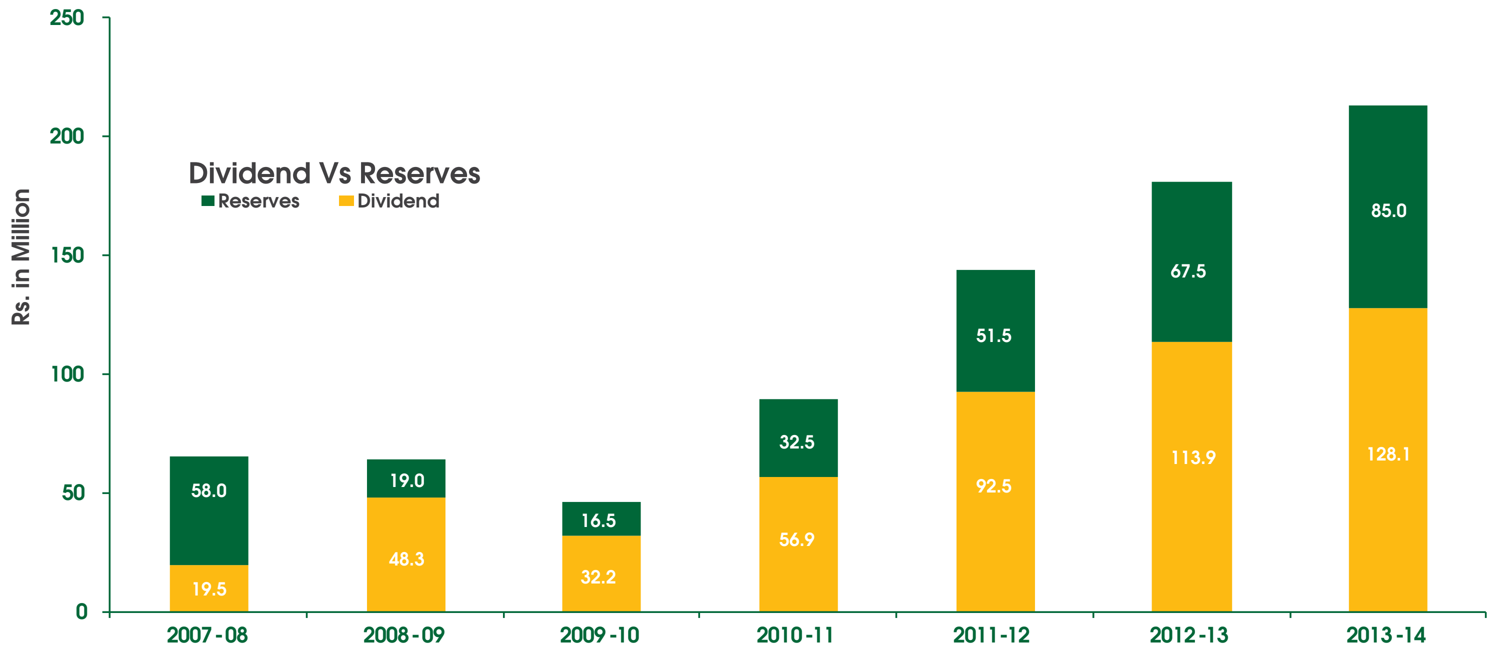
| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4,096,391 | 100.00 | 3,798,847 | 100.00 | 3,352,328 | 100.00 | 3,794,949 | 100.00 |
| 519,615 | 12.68 | 412,349 | 10.85 | 532,355 | 15.88 | 369,880 | 9.75 |
| 250,673 | 6.12 | 197,708 | 5.20 | 332,335 | 9.91 | 6,959 | 0.18 |
| 146,682 | 3.58 | 52,306 | 1.38 | 101,841 | 3.04 | 53,607 | 1.41 |
| 85,682 | 2.09 | 45,506 | 1.20 | 63,921 | 1.91 | 65,397 | 1.72 |

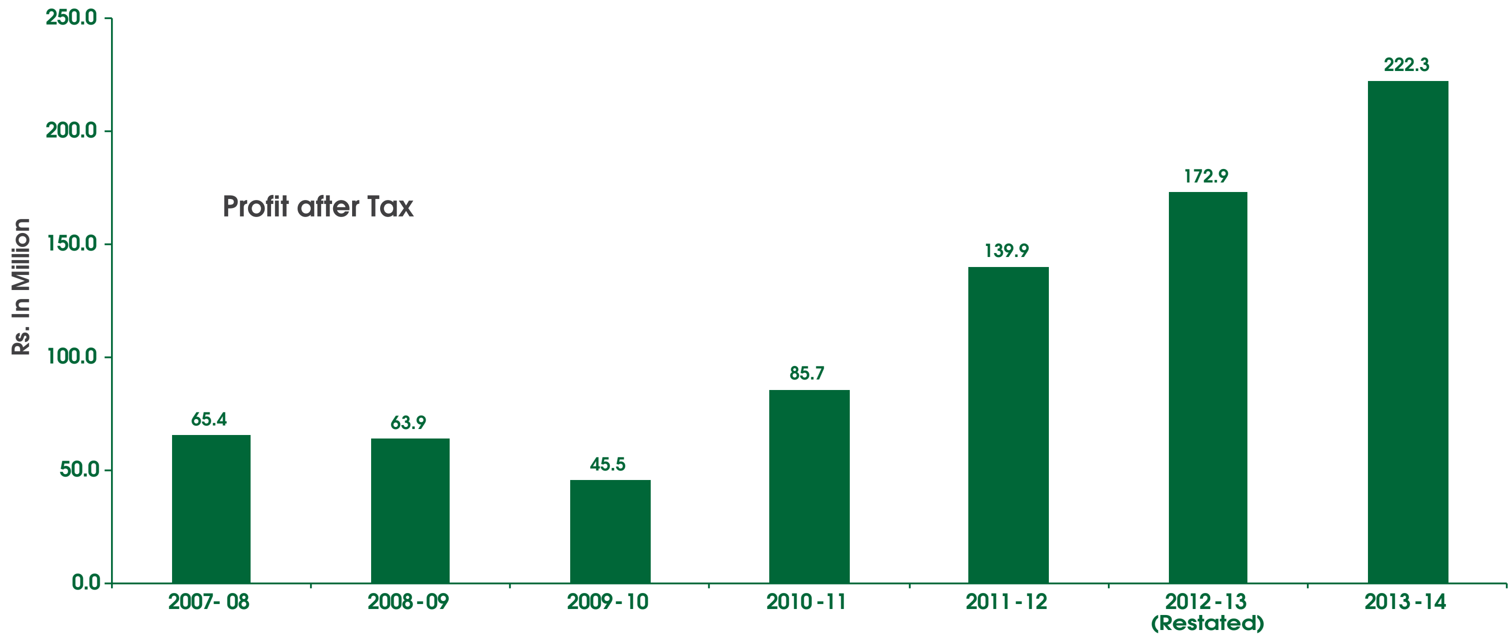

EBITDA & EBITDA MARGIN
EBITDA
EBITDA MARGIN
Rs. In Million
EBITDA
Percentage
EBITDA Margin
650
600
550
500
450
400
350
300
250
200
150
100
50
0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
0.0
257.0
432.4
323.1
361.0
430.6
472.1
615.3
6.8
12.9
8.5
8.8
8.1
7.7
9.3
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
(Restated)
2013-14

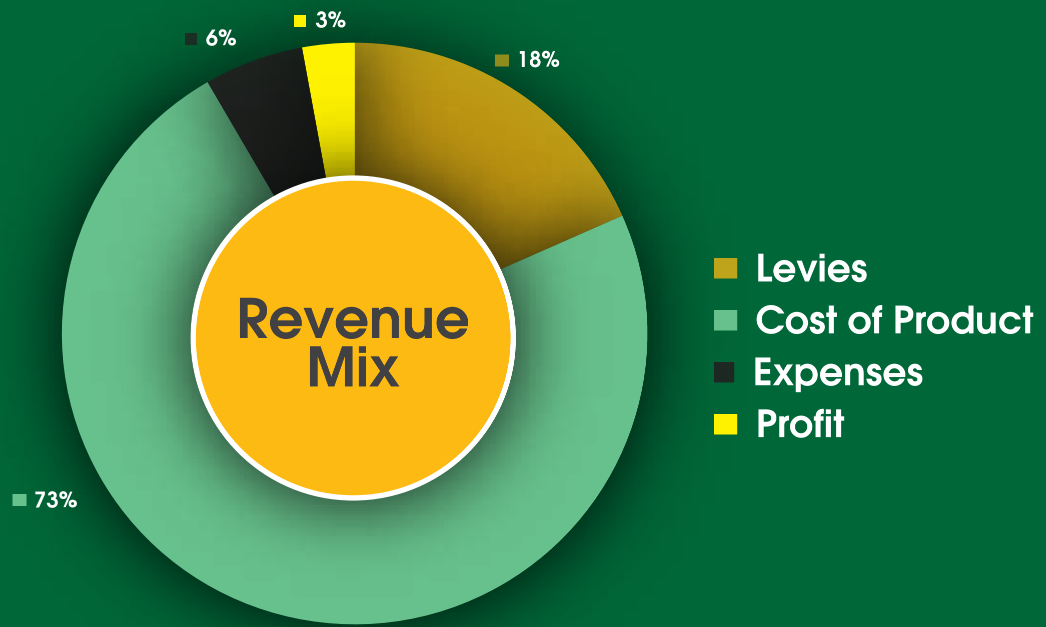

Net Sales and Gross Profit
Net Sales
Gross Profit
Rs. in Millions
7,000
6,500
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
3,795
370
3,352
532
3,799
412
4,096
520
5,345
688
6,165
703
6,600
877
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
(Restated)
2013-14

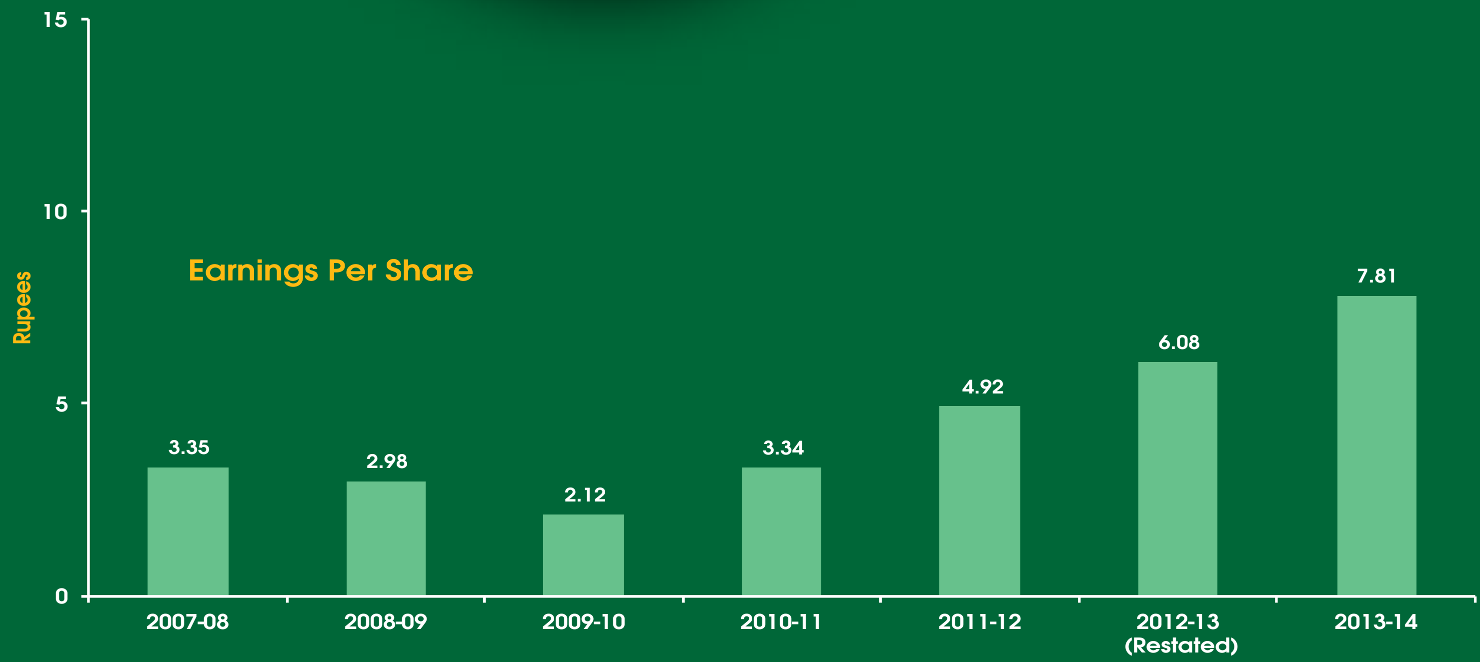

Earnings per Share vs Paid-up Capital
Paid-UP CAPITAL
EARNING PER SHARE
Paid-up capital Rs. in Million
Earnings per share Rupees
195.1
214.6
214.6
284.6
284.6
284.6
284.6
3.35
2.98
2.12
3.34
4.92
6.08
7.81
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13 (Restated)
2013-14

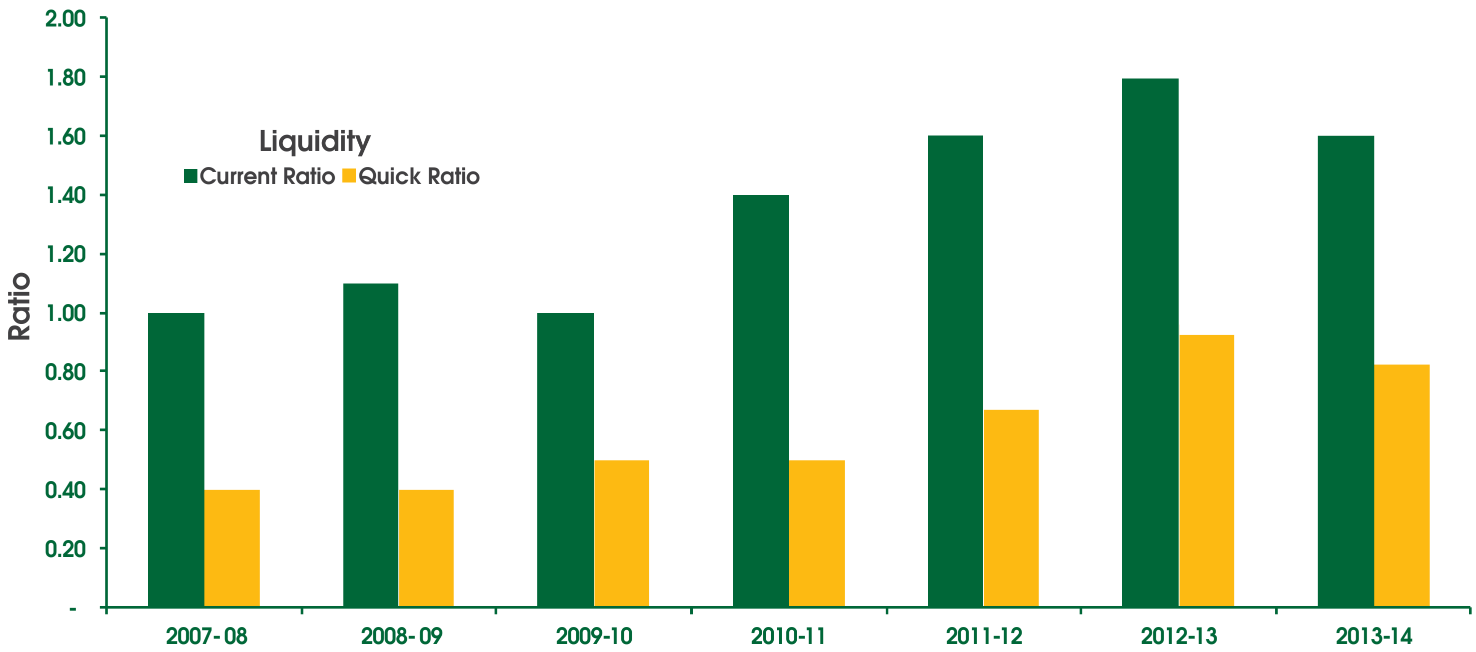

Shareholders' Equity
Paid Up Capital
Reserves & Retained Earnings
Rs. in Million
455.9
503.6
504.2
1,088.9
1,176.2
1,265.0
1,364.1
195.1
214.6
214.6
284.6
284.6
284.6
284.6
2007 - 08
2008 - 09
2009 - 10
2010 - 11
2011 - 12
2012 - 13
2013 - 14

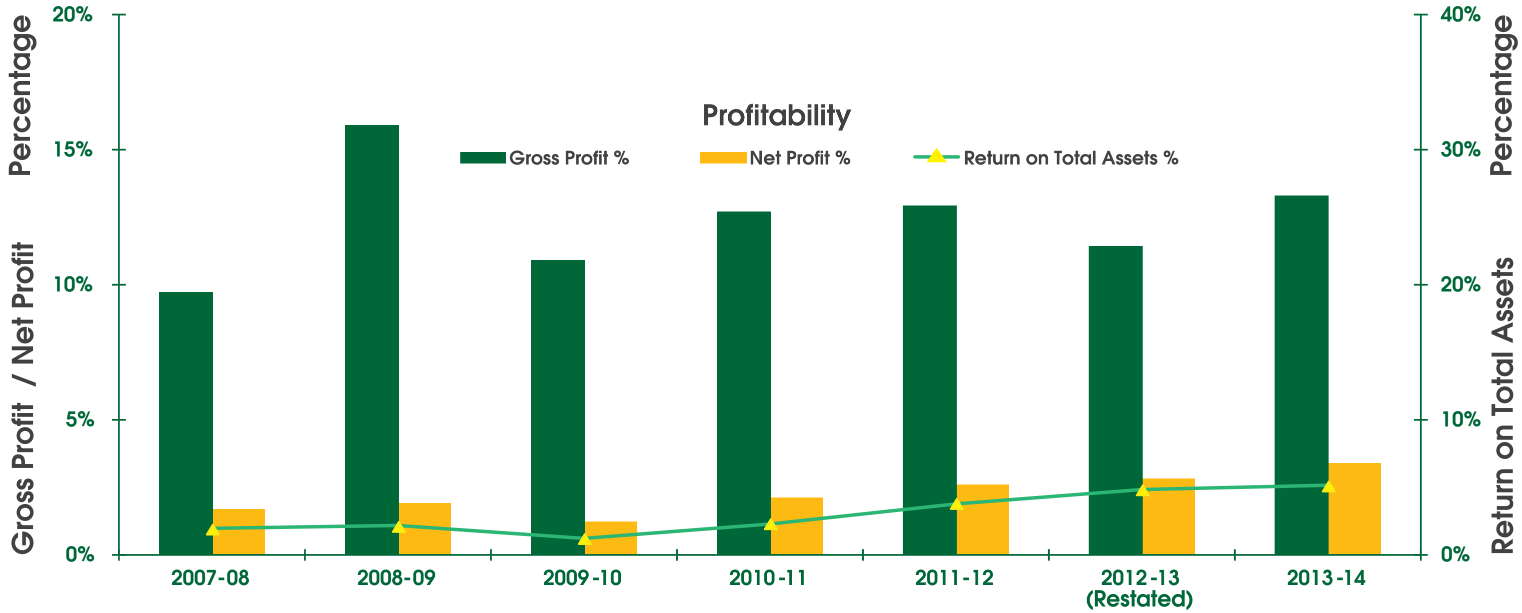

Dividend Vs Reserves
Reserves
Dividend
Rs. in Million
250
200
150
100
50
0
58.0
19.5
19.0
48.3
16.5
32.2
32.5
56.9
51.5
92.5
67.5
113.9
85.0
128.1
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14

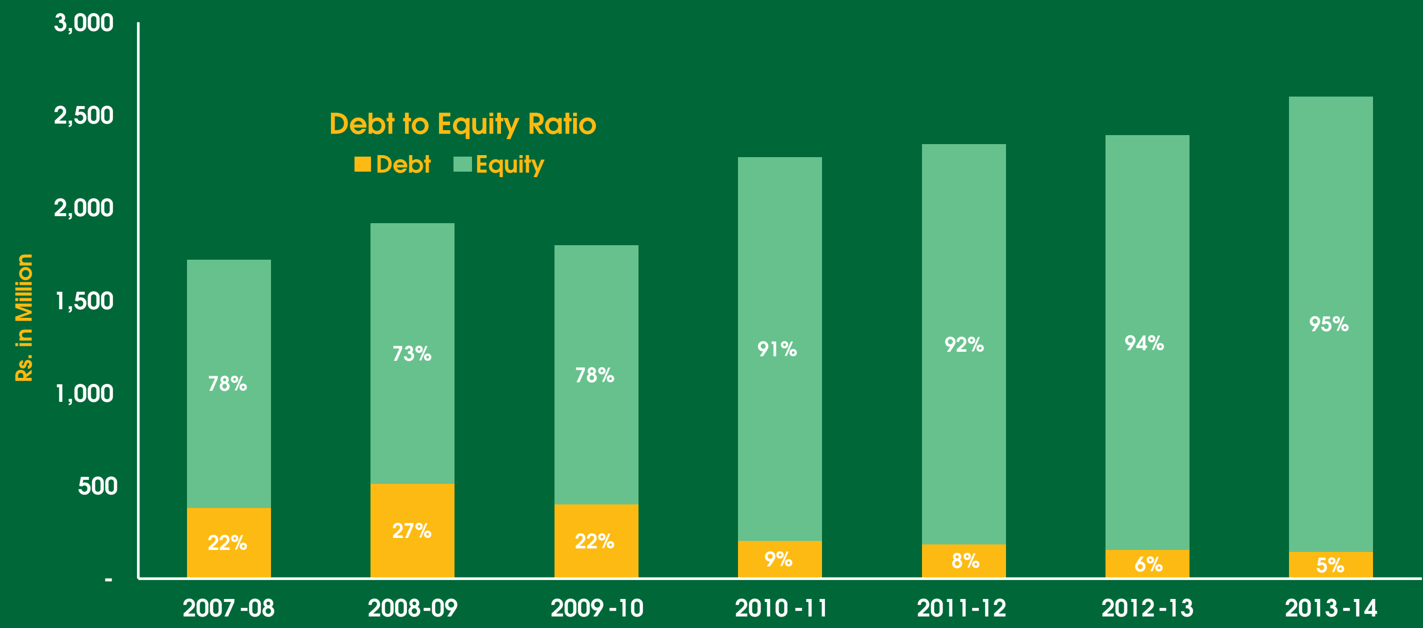

Profit after Tax
Rs. In Million
250.0
200.0
150.0
100.0
50.0
0.0
65.4
63.9
45.5
85.7
139.9
172.9
222.3
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
(Restated)
2013-14

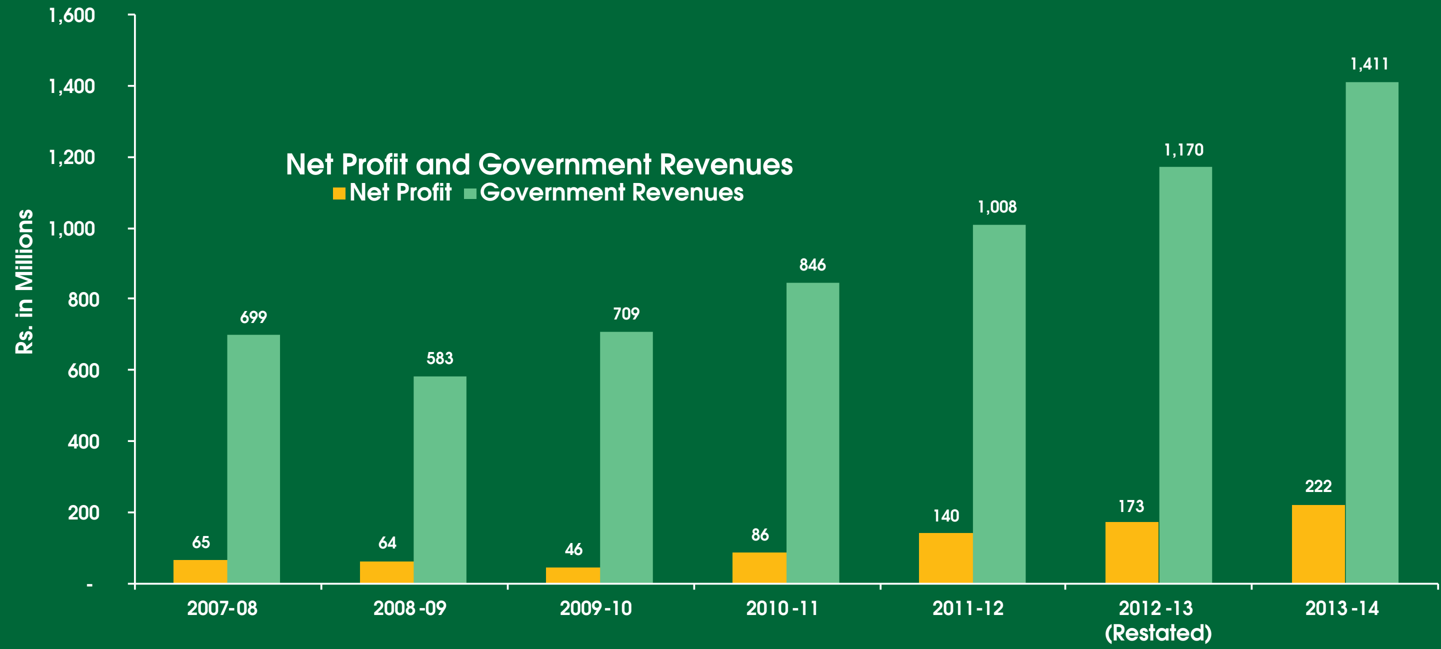

3%
6%
18%
Revenue Mix
73%
Levies
Cost of Product
Expenses
Profit


Earnings Per Share
Rupees
15
10
5
0
3.35
2.98
2.12
3.34
4.92
6.08
7.81
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13 (Restated)
2013-14


Liquidity
Current Ratio
Quick Ratio
Ratio
2.00
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14


Profitability
Gross Profit %
Net Profit %
Return on Total Assets %
Gross Profit / Net Profit Percentage
Return on Total Assets Percentage
20%
15%
10%
5%
0%
40%
30%
20%
10%
0%
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13 (Restated)
2013-14


Debt to Equity Ratio
Debt Equity
Rs. in Million
3,000
2,500
2,000
1,500
1,000
500
-
78%
73%
78%
91%
92%
94%
95%
22%
27%
22%
9%
8%
6%
5%
2007 -08
2008 -09
2009 -10
2010 -11
2011-12
2012 -13
2013 -14


Net Profit and Government Revenues
Net Profit Government Revenues
Rs. in Millions
1,600
1,400
1,200
1,000
800
600
400
200
-
65
699
64
583
46
709
86
846
140
1,008
173
1,170
222
1,411
2007-08
2008 -09
2009 -10
2010 -11
2011-12
2012 -13 (Restated)
2013 -14

# DIRECTORS' REPORT

The Directors are pleased to present the 61st Annual Report along with the audited accounts of the Company for the year ended June 30, 2014.

The Company is engaged in the manufacture of Conductors, Cables and Wires for transmission of electricity since 1953. In 1979, the Company started extrusion of Aluminium Rod from billets, which was upgraded in 1984 to manufacture Anodized Aluminium Profile sections for architectural applications. In 1996, the Company set up a state of the art plant to manufacture High Conductivity Oxygen Free (HCOF) Copper Rod. Due to the increased requirement of rods for manufacturing wire & cables as a result of growing customer demand, the production capacity of the plant has been regularly enhanced over recent years. In 2008, the company set up a PVC Compounding Plant to manufacture high quality electric cable grade PVC compound. The Company also set up a 2-MW gas fired Tri-generation Power Plant, allowing it to be mostly self sufficient for its electricity needs.

Mr. Kamal A. Chinoy with Mr. Gregory B. Kenny (President and Chief Executive Officer - General Cable Corporation) at General Cable's headquarters in the Highland Heights, Kentucky (USA).

Pakistan Cables was the pioneering company in Pakistan's cable industry when it was established in 1953 in partnership with British Insulated Callender's Cables (BICC) Plc UK, considered to be one of the largest cable companies in the world at the time. BICC had a world presence which was initially in the Commonwealth but in the 1980s and 1990s extended into mainland Europe and beyond. In 1992, BICC disinvested its equity in Pakistan Cables Limited.

In 2010, another industry giant, General Cable Corporation, expressed confidence in your company and acquired 24.6% stake through its subsidiary GK Technologies Inc, Highland Heights, Kentucky, USA, in Pakistan Cables Limited. General Cable, a Fortune 500 company is one of the largest cable companies in the world with annual revenues in 2013 of US$ 6.4 billion and 57 manufacturing units in 26 countries around the world.

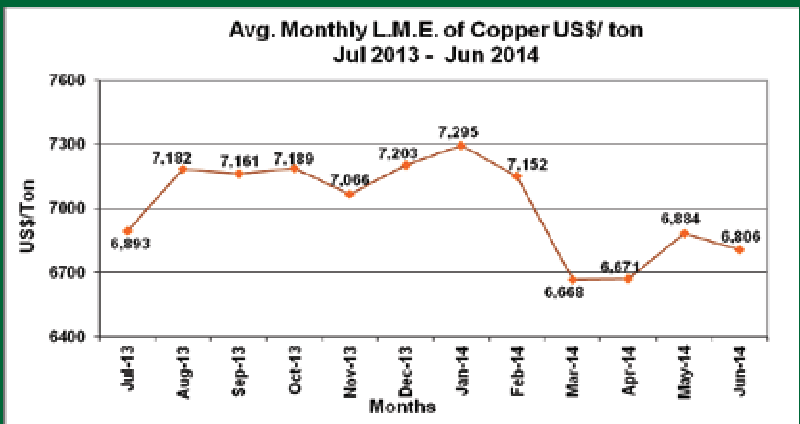

The Pakistan Cables team celebrates 60 brilliant years!

## Global Copper & Aluminum Scenario

The prices of cables, copper rod and aluminium extrusions are closely linked to the global markets for Copper and Aluminium. Both base metals are traded on the London Metal Exchange (LME), the world's premier non-ferrous metals market. The traded volumes on the LME hit record levels in 2013, up 7.1% on year at 171.1million lots, equivalent to $14.6 trillion annually and 4 billion tons. The price of both these metals is therefore determined at the LME and any fluctuations in Copper or Aluminium prices have a direct effect on the pricing of our products

Copper prices on London Metal Exchange fluctuated between $ 6,900 and 7,300/t during the first half of the year. However, the prices tumbled down in the month of March and went below $ 6,400/t, their lowest level in 4 years as concerns mounted over the fragility of the Chinese market. However, in June it again started to rise and finally closed at US$ 6,955/t on June 30th 2014.

Graph of monthly average LME of copper during the year is shown below:




## Overview of National Economy

The economic environment in the country remained challenging during the year due to adverse security situation and severe energy crisis that have held back investment and growth of the economy. The country is losing some 2 percent GDP growth every passing year due to acute energy shortfall. The Government is making efforts to increase the generation capacity of the country, however, mega projects inherently have a long term development phase which could create hurdles for the economic agenda. However, in the recent past some definite signs of economic improvement have become visible, in particular the increase in foreign exchange reserves, stability in exchange rate and increase in large scale manufacturing sector.

The GDP growth accelerated to 4.1 percent in 2013-14 against the growth of 3.7 percent recorded in the same period last year. The growth momentum is broad based, as all sectors namely agriculture, industry and services have supported economic growth. The growth of manufacturing sector registered at 5.55 percent compared to growth of 4.53 percent last year.

Mr. Mustapha A. Chinoy (Chairman - Pakistan Cables Limited) cuts the ribbon at the inauguration of Pakistan Cables' new head office.

# Segment Highlights

### Cables & Wires

Pakistan Cables has established itself as a key player with more than 60 years of experience in the wire & cables business and can rightly claim to be the leading cable and wire company in the country. Our business is driven by the strength, growth prospects and activity in the end markets where our products are used. Our products are primarily used in projects of all kinds, in buildings and construction and for the transmission and distribution of electricity by the country's utility companies. Our product strategy is to manufacture an extensive array of world-class quality wires & cables to meet the diverse, dynamic and time-sensitive needs of our customers. The product should consistently conform to the relevant international standards in order to ensure smooth flow of electricity, better performance of electrical appliances and safety to life and property. Our sales strategy is; (i) to continue to generate market awareness of our brand and thereby remain the customer's first preference, (ii) to identify profitable markets and tailor our product offerings accordingly and (iii) to penetrate targeted markets through cost benefit analysis and customized service offering.

During the financial year, the Company maintained its leadership position in the market for cables and wires in Pakistan. Pakistan Cables' trade network covers over 127 cities and towns across Pakistan. The Company further established its position in the market and prevailed to successfully win large orders from the projects segment.

### Aluminium Sections

Alumex continued to retain its position in the market. The Company is committed to providing the highest quality aluminum profiles and architectural sections in the country. This is underlined by the confidence in our products from Pakistan's leading architects and contractors. The efforts were made to increase productivity by better production planning and management.

The plans for the next financial year are aimed at maximizing the output and tapping new avenues for getting additional business from the market.


A view of the reception at Pakistan Cables' new head office.


Work stations at the new head office.

## Operating Performance

Pakistan's economy has shown some signs of recovery in terms of GDP growth, increased foreign exchange reserves, appreciation in value of rupee, improvement in Large Scale Manufacturing (LSM) sector and lower inflation. However, despite this recovery, the performance was hampered by unstable law & order situation, acute energy crisis which severely penalized the industrial sector resulting in increase in cost of production and affecting margins, adverse impact of the ongoing war against terrorism, and stagnant exports despite the granting of Generalized Scheme of Preference (GSP) Plus status by the European Union.

Despite the mixed results of the economy during the year, your company's top line showed a modest growth while bottom line was much encouraging as shown below:

| | 2013-14 | 2012-13 | Increase |
|---|---|---|---|
| | Rs. in million | | % |
| | | Restated | |
| Sales | 6,600 | 6,165 | 7% |
| Gross Profit | 877 | 703 | 25% |
| Gross Profit Percentage | 13.3% | 11.4% | |
| Profit Before Tax | 391 | 260 | 50% |
| Profit Before Tax Percentage | 5.9% | 4.2% | |
| Profit After Tax | 222 | 173 | 29% |
| Profit After Tax Percentage | 3.4% | 2.8% | |
| EPS – Rs. | 7.81 | 6.08 | 29% |

Your Company achieved sales of Rs. 6.6 billion, which is 7% higher than last year's sales of Rs. 6.2 billion. Rising demand in the housing sector and commercial projects attributed toward higher sales. Nevertheless, the overall business environment remained challenging as mentioned above.

Gross profit for the year amounted to Rs. 876.9 million (13.3% of sales), compared to last year's gross profit of Rs. 703.0 million (11.4% of sales). The higher gross profit is attributed mainly due to better sales mix, productivity improvement and operational efficiencies. Financial charges for the year are Rs. 93.0 million as compared to Rs. 86.0 million in the same period of last year.

As a result of the above factors, your company was successful in achieving a Profit before Tax of Rs. 391.1 million as compared to Rs. 259.9 million in the same period of last year. The profit after tax for the year amounted to Rs. 222.3 million compared to Rs. 172.9 million in the previous year. Earnings per share also increased from Rs. 6.08 to Rs. 7.81 in the current year.

Mr. Kamal A. Chinoy shows Ms. Diana Toman (Vice President, Strategy & General Counsel, Asia Pacific - General Cable) around the factory.

## Dividends and Appropriations

For the current year, your Directors recommend payment of Rs. 4.50 per share (45%) as final cash dividend (2013: 40%). The appropriation of profit will be as under:

| | 2013-14<br>Rs. '000 |
|---|---|
| The net profit after tax amounted to | 222,314 |
| Other comprehensive income / (Loss) | (13,805) |
| Total comprehensive income | 208,509 |
| To this is added un-appropriated profit brought forward from last year | 181,703 |
| Transfer from surplus on revaluation – Own | 4,396 |
| | 394,608 |

## Appropriations:

| | | |
|---|---|---|
| Payment of Final cash dividend at the rate of Rs. 4.00 per share (40%) for the year ended June 30, 2013 | | 113,850 |
| Transfer to General Reserve for the year ended June 30, 2013 | | 67,500 |
| Leaving un-appropriated profit to be carried forward | | 213,258 |
| | | 394,608 |
| Earning per share | Rs. | 7.81 |

## Subsequent Effects

| | |
|---|---|
| Proposed final cash dividend of Rs. 4.50 per share for the year 2014 | 128,081 |
| Transfer to General Reserve | 85,000 |

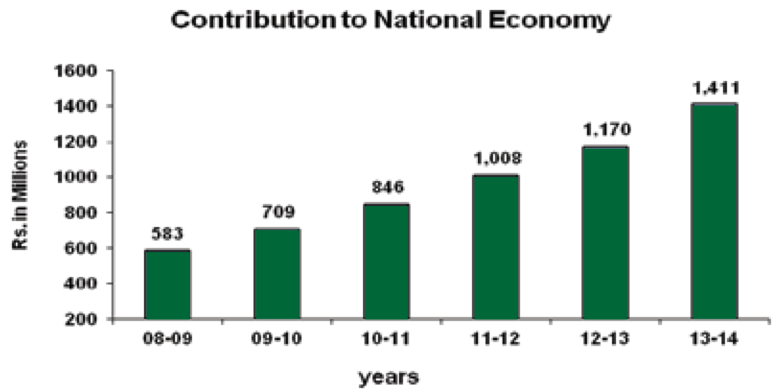
## Cash Flow & Liquidity

The Company is constantly monitoring cash flow to ensure overall liquidity. During the financial year, Pakistan Cables cash flow from operations remain restricted due to higher working capital requirement, as the value of inventory increased substantially and trade debts were elevated due to exceptionally high sales in the last month of the financial year.

The Company continued to monitor interest and foreign exchange rates to take advantage of any potential savings or hedging opportunities.

## Contribution to National Economy

The Company's contribution to the National Exchequer by way of taxes, levies, sales tax, etc. amounted to Rs. 1,411 million during the year (2012-13 : Rs. 1,170 million).



## Board Changes

During the year the following changes took place in the Board:

i. Mr. Alamuddin Bullo was appointed as nominee director of State Life Insurance Company (SLIC) on 7th October, 2013 in place of Mr. Shahid Aziz Siddiqi who resigned on 19th September, 2013.

ii. Mr. Muhammad Raeesuddin Paracha was appointed as nominee director of State Life Insurance Company (SLIC) on 5th May, 2014 in place of Mr. Alamuddin Bullo who resigned on 11th March, 2014.

The Company wishes to place on record the valuable contribution made by the outgoing Directors during the period they were on the Board. The Board also takes pleasure in welcoming the new Directors and look forward to their contribution from their vast knowledge & experience.

In the Extra Ordinary General Meeting (EGM) held on 5th May, 2014 the following directors were elected unopposed with effect from 5th May, 2014. All the Directors were same except for Mr. Ernest Kenneth Cuyegkeng who did not contest the election. Mr. Peter Campbell contested the election in his place and got elected as Director.

1. Mr. Mustapha A. Chinoy
2. Mr. Haroun Rashid
3. Syed Naseem Ahmad
4. Mr. Saquib Shirazi
5. Mr. Roderick Macdonald – Nominee of GK Technologies Inc.
6. Mr. Peter Campbell – Nominee of GK Technologies Inc.
7. Ms. Sadia Khan
8. Mr. Muhammad Raeesuddin Paracha – Nominee of SLIC
9. Mr. Kamal A. Chinoy

## Corporate Governance

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance we are pleased to state that:

a. The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and the changes in equity.

b. Proper books of accounts have been maintained by the company.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

The key operating and financial data of last seven years is given on page 45, while the pattern of shareholding is provided on page 123.

The value of investments of provident and pension funds as per their accounts for the year ended December 31, 2013 are as follows:

| | |
|---|---|
| Provident Fund | Rs. 164.664 Million |
| Pension Fund | Rs. 206.782 Million |

During the year five (5) meetings of the Board of Directors, four (4) meetings of the Audit Committee and two (2) meetings of the Human Resource and Remuneration Committee were held. Attendance by each Director is as follows:

## Board of Directors Meetings

| Directors | No. of meetings attended |
|---|---|
| Mr. Mustapha A. Chinoy | 05 / 05 |
| Mr. Ernest Kenneth Sy Cuyegkung | 03 / 05 |
| Mr. Haroun Rashid | 04 / 05 |
| Syed Naseem Ahmad | 04 / 05 |
| Mr. Shahid Aziz Siddiqi | 00 / 01 |
| Mr. Saquib H. Shirazi | 02 / 05 |
| Mr. Alamuddin Bullo | 01 / 02 |
| Mr. Roderick Macdonald | 04 / 05 |
| Mr. Peter Campbell | 00 / 01 |
| Mr. Muhammad Raeesuddin Paracha | 00 / 01 |
| Ms. Sadia Khan | 05 / 05 |
| Mr. Kamal A. Chinoy | 05 / 05 |

## Audit Committee Meetings

| Directors | No. of meetings attended |
|---|---|
| Mr. Haroun Rashid | 03 / 04 |
| Mr. Mustapha A. Chinoy | 04 / 04 |
| Mr. Roderick Macdonald | 04 / 04 |

## Human Resource and Remuneration Committee Meetings

| Directors | No. of meetings attended |
|---|---|
| Syed Naseem Ahmad | 02 / 02 |
| Mr. Mustapha A. Chinoy | 02 / 02 |
| Mr. Saquib H. Shirazi | 01 / 02 |
| Mr. Kamal A. Chinoy | 02 / 02 |

Particulars of trading in the shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary, and their spouses and minor children including shares gifted to / by them are given below:

| | Transferor or transferee | Office held / relationship | Number of shares | Whether by Sale / Purchase or gift |
|---|---|---|---|---|
| Mr. Saquib H. Shirazi | Transferee | Director | 10,000 | Purchase |

## Corporate Social Responsibility

PCL is a member of UN Global Compact, which supports the ten principles of the Global Compact in respect to Human Rights, Labour Rights, Protection of the Environment and Anti-corruption.

Pakistan Cables continues to play an active role in supporting green environment & social sector programs and has always been at the forefront in its recognition and responsibility towards meeting society needs. The Company's efforts mainly focus towards the areas of health, education and environment. Pakistan Cables evaluates in detail each organization that it supports and contributes towards.

During the year, the Company made contributions towards a number of charitable organizations which includes:

- Amir Sultan Chinoy Foundation
- Layton Rehmatullah Benevolent Trust
- The Kidney Centre
- SAARC Women's Association
- Aga Khan Education Services

## Quality & Technology

Pakistan Cables is committed to strive for product quality, excellent customer service, innovation and efficiencies. The Company reiterates its commitment to consistently deliver enhanced value to customers, through continual improvement of its product and processes. The Company satisfactorily complies with all the requirements of the ISO 9001:2008 for all its products as certified by BVQI, UK.

The Company has highly advanced Quality Assurance and PVC Laboratories, which are equipped with the latest equipment and are manned by professional and skilled personnel who are engaged to check process variables in every step of manufacturing process, to ensure that all our final products are in compliance with the relevant international specifications. Pakistan Cables is the only cable manufacturer in Pakistan with medium and low voltage cables that have been accepted as world class following the type testing and certification of its products by KEMA high voltage laboratory in Netherlands. In addition to this, Pakistan Cables products are also CE (Conformité Européenne) certified, PSQCA certified, ERDA (Electrical Research and Development Association), India, TUV SUD PSB Pte. Ltd., Singapore, and have also been successfully type tested in Pakistan's well reputed High Voltage & Short Circuit Laboratory in Rawat.

## Business Process Improvement and Development

Improvement in business processes is paramount for any industry to stay competitive in today's market place. The Company is continuously engaged in business process re-engineering activities to optimize its activities and benefit from the technological advances in operational, technical and engineering functions. Current initiatives are underway that will improve efficiencies, improve lead times, lower inventories and reduce wastages. The Company is currently undergoing a transition towards becoming a lean enterprise in line with General Cable's mandate and the benefits of this program are already evident. The Company has also recently added strength to its Process Engineering and Material Control department and this has begun to yield positive results.

The Company is integrated upstream for two of its critical raw material inputs, in the form of state of the art copper rod and PVC compounding plants. The Company has also invested in a 2 MW tri-generation power plant. These plants ensure that the company has uninterrupted power supply and availability of key raw materials at lower input costs.

## Information Technology

Pakistan Cables is actively pursuing its commitments towards modernization of its information technology and communication infrastructure by providing emerging technologies that provides better services to facilitate business efficiency and corporate expansion.

We have employed state of the art communication system between factory, city office and branches using MPLS (Multi Protocol Label Switching). The company is in the process of implementing the Enterprise Resource Planning (ERP) which it strongly believes will make the company more efficient and competitive in the future. We are also embarking for data security and controls procedures across PCL with reliable and tested disaster recovery plan.

## Safety, Health & Environment

Protecting the health and safety of our people and ensuring a healthy working environment is of great importance to Pakistan Cables. The Company is committed to working towards designing a workplace that minimizes work related risks and occupational health and safety.

Pakistan Cables endeavors to ensure Health and Safety of its employees and other associates at its premises. Impact on environment is always kept in mind while performing all company activities. The well-defined HSE policy plays a vital role in decision making at all levels to ensure full compliance of statutory requirements and best industry practices. Plant operations are strictly controlled to maintain safe environment for workers as well as the surrounding community. Several measures have been taken to control pollution and to maintain a clean, green and healthy environment which includes prevention of process gas emission into the atmosphere, recycling of waste heat and continuous efforts to improve greenery and maintain a clean environment in and around the factory through horticulture, better housekeeping, etc. All potentially hazardous material is monitored by the Company to ensure that best practices are followed in environmental protection. For example, any anodizing waste is neutralized as per NEQ standards prior to discharge.

The respective procedures are periodically updated to ensure accident free work place by encouraging instant reporting of all even near miss incidents followed by rigorous investigations to incorporate avoidance of future recurrences. HSE internal & external sequential audits of all departments are conducted to evaluate compliance.

In-line with management's objective, Pakistan Cables is certified for OHSAS 18001:2007 (Occupational Health & Safety Management System) and ISO 14001:2004 (Environmental Management System). Pakistan Cables is the only cable manufacturer in Pakistan to achieve these certifications. The Company was also amongst a handful of companies in Pakistan to receive the prestigious award from the National Forum for Environment & Health at 7th, 8th and 10th Annual Environment Excellence Awards.

In addition to our HSE initiatives, medical facilities are also provided to all employees and the Company operates an on-site dispensary with a full time doctor. During the course of the year 24 HSE trainings and 10 health and hygiene inspections were conducted. Water emissions and effluents were frequently tested and found in compliance with the NEQS (National Environmental Quality Standards)

As the Company has its own Power Plant, with waste heat recovery and vapor absorption chillers, it is able to more efficiently utilize gas and electricity, thus ensuring energy conservation.

Pakistan Cables shall remain committed to provide Healthy, Safe and Eco-friendly environment to all its internal and external stakeholders.

## Training & Human Resource Development

The Company attaches the highest priority to the quality of intellectual capital at its disposal and believes that knowledge and skill of its employees are the key to achievements of its corporate mission. PCL has sound recruitment policy and comprehensive training system. During the past one year, your Company has laid greater emphasis on Human Resources Development. We have been devoting substantial resources on building a skilled workforce that has an innate capability to counter threats posed by ever changing business environment and to take advantages of opportunities presented to serve ever increasing customer base.

The Company has been conducting various training and development activities which apart from reorienting the employees towards the greater organizational purpose, are also focusing on eliminating any skill gap and technical obsolescence. Several in-house training programs and workshops were held during the year on operation excellence, team building, quality awareness and Performance Management System. In addition, the Company also provided internship opportunities to students from leading universities to aid their understanding of theoretical concepts with practical application of the same. Factory visits were also arranged for students in order to facilitate them for their research.


Mr. Pervaiz Saeed, owner of Modern Electric Store, is presented with an exclusive dealer appreciation award at Pakistan Cables' 60 year anniversary celebration in Lahore

## Staff Relations

The total number of employees as on June 30, 2014 was 445. The relationship with the employees at all levels remained cordial and conducive throughout the year. The Union-Management relations continued to be friendly and industrial peace prevailed during the year under review.

A view of the guests at Pakistan Cables' 60 year anniversary celebration in Karachi

## Auditors

The present auditors, M/s. KPMG Taseer Hadi & Co., have retired and being eligible, have offered themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their reappointment as auditors of the company for the year ending June 30, 2015.

## Business Risk and Challenges

### Volatility in prices of Metals

Your Company is exposed to fluctuations in the prices of metals, particularly of copper, which have historically affected our operating results. To the extent higher copper prices result in increase in the costs of our product, we attempt to reflect the increase in the prices we charge our customers. Similarly, a reduction in copper prices is reflected through lower prices of our cables. While we historically have been able to pass on all or part of these cost increases to our customers, we may be unable to do so at times. In addition, as copper prices increase, our customers may delay or decrease their purchases of our wire and cable, which could adversely affect the demand for our products. The Company has comprehensive risk management and procurement strategies that try to ensure that fluctuations in the prices of copper and aluminium do not expose it to losses.

### Foreign Exchange Risk

Your Company is also exposed to foreign exchange risk as most of the raw materials purchased are imported and are denominated in foreign currency, mainly US Dollars while sales are in Pakistan Rupees. Any sharp fall in the value of Rupee against the US Dollar will increase the cost of our inputs, possibly resulting in lower margins.

### Low quality cables and Counterfeits from un-organized sector

The influx of low quality cables from the unorganized sector has increased substantially during the last few years. Low qualities cables come in the form of various brands and often are also counterfeits of Pakistan Cables' products. This affects mainly the House-wiring and the low voltage segment as it is fed by unscrupulous manufacturers using low quality and scrap raw material. Unless proper quality standards and intellectual property laws are enforced, this could affect our sales.

### Risk Associated with Inventory

Our business requires us to maintain certain levels of inventory. We must identify the right mix and quantity of products to keep in our inventory to meet customer orders. Failure to do so could adversely affect our sales and profit. However, if our inventory levels are too high, we are at risk that unexpected changes in circumstances, such as shift in market demand or drop in prices, could have material adverse impact on the net realizable value of our inventory.

### Increase in Competition

Your company operates in a highly competitive industry. To the extent existing or future competitors seek to gain or retain market share by reducing prices, we may also be required to lower our prices, thereby adversely affecting our financial results.

### Downturn in Capital Spending by Customers

Majority of our products are used in construction, maintenance and operation of facilities, engineering, energy, infrastructure, petrochemical, textile and fertilizer industries. The demand of our products also depends on the capital spending levels of end-users. Many of them defer capital expenditures or cancel projects during economic downturns. Until the economy of the country recovers, the demand for our products may remain weak, which could have an adverse affect on our results.

Overall, your Company is vigilant and aware of the risks it faces and has put in place an encompassing risk management system in order to avoid, mitigate or transfer risks, where possible.

## Future Prospects

While the Company had benefited from sustained economic growth up until 2007, the last few years have remained challenging. The Company has responded to this challenge by undertaking an aggressive and proactive marketing strategy and despite uncertainty in demand has been able to increase sales during 2013-14. We remain cautiously optimistic about the outlook for this year due to the following reasons:

1. Political uncertainty in context of recent events in August 2014
2. Upgrading of electrical infrastructure by transmission and distribution companies
3. Expected activity in the following sectors:
    - Ports & Shipping
    - Cements
    - Oil & Gas
    - Housing & Plaza
    - Food & Beverages

Moreover, the current government's stated commitments to enhance the country's electrical generation capacity and improve the transmission and distribution network bodes well for the Company.

The Real GDP growth target has been set at 5.5% for 2014-15 and recent Large Scale Manufacturing growth numbers have clocked in at 3.95% for fiscal year 2014. Nevertheless, despite these positive signs, the Company remains cautious in light of recent political friction and volatility in the value of the Pak rupee versus the US Dollar. Moreover, the ongoing electricity crisis, coupled with the shortage of gas and military action in the tribal areas may also have an impact on future prospects.

In this context, the Company will continue to remain proactive in marketing its products. In addition, the strategy of your company is to look selectively at areas where capacity enhancements may be required or where products may need to be developed to cater to changing customer demands.

Our focus will remain on providing best-in-class customer services and through this effort retain existing customers and acquire new business. Moreover, we will continue to leverage our association with General Cable through technical support, process engineering reviews and procurement opportunities. In addition, Pakistan Cables is able to offer its customers a one-stop shop solution by making available through the General Cable network all those cables not manufactured in Pakistan.

## Acknowledgement

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 throughout the year. 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 and bankers for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

On behalf of the Board

MUSTAPHA A. CHINOY
Chairman

KAMAL A. CHINOY
Chief Executive

Karachi: September 25, 2014

# THE AUDIT COMMITTEE OF THE BOARD

## Constitution

The Audit Committee (the Committee) is a Committee of the Board constituted by a resolution of the Board dated June 28, 2002. The Terms of Reference of the Committee is as under:-

## Membership

The Committee shall be appointed by the Board and shall comprise of not less than three members majority of whom shall be non-executive Directors. Two members shall constitute a quorum. In case if any member is out of country then he can appoint any other director as his replacement for the period, however, such replacement should be in a manner that the majority of the members of the committee shall always consist of non-executive directors. The period of appointment shall be determined by the Board who shall have the powers to remove members or add new members at anytime.

The Chairman of the Committee who should be a non executive director, shall be appointed by the Board.

## Frequency of Meetings

Meetings of the Committee shall be held not less than four times a year.

## Attendance at Meetings

The Committee, at its discretion, may require the Chief Executive, Finance Director and other Senior Management to attend meetings and provide information and explanations relevant to the Company and its operations as outlined below. The Committee may, again at its discretion, ask the company's external auditors to attend meetings and answer questions relating to the company's financial controls and audit procedures. The committee may also invite other non-executive Directors to its meetings as appropriate.

## Specific and General Areas of Activity Which the Committee is Required to Monitor and Oversee on Behalf of the Board

The Audit Committee shall;

a. be responsible for recommending to the Board of Directors the appointment of external auditors by the company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the listed company in addition to audit of its financial statements,

b. determine appropriate measures to safeguard the Company's assets,

c. review preliminary announcements of results prior to publication,
d. review quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
   - major judgmental areas;
   - significant adjustments resulting from the audit;
   - the going-concern assumption;
   - any changes in accounting policies and practices;
   - compliance with applicable accounting standards; and
   - compliance with listing regulations and other statutory and regulatory requirements.
e. facilitate the external audit and conduct discussion with external auditors on major observations arising from interim and final audits and on any matter that the auditors may wish to highlight (in the absence of management, where necessary),
f. review of management letter issued by external auditors and management's response thereto,
g. ensure coordination between the internal and external auditors of the company,
h. review the scope and extent of internal audit and ensure that the internal audit function has adequate resources and is appropriately placed within the company,
i. consider major findings of internal investigations and management's response thereto,
j. ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective,
k. review the company's statement on internal control systems prior to endorsement by the Board of Directors,
l. institute special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body,
m. determine compliance with relevant statutory requirements,
n. monitor compliance with the best practices of corporate governance and identify significant violations thereof, and
o. consider any other issue or matter as may be assigned by the Board of Directors.

## Reporting Procedures

The Committee shall report to the Board through its Chairman, it may raise any matter within its terms of reference and may make comments and make proposals. The Chairman of Audit Committee shall communicate a synopsis of the proceedings of the Audit Committee Meeting in the next board meeting. The Secretary (who shall be the Internal Auditor) shall circulate the minutes of meetings of the Committee after their approval by the committee Chairman to all members of the Board and Finance Director.

# HUMAN RESOURCE & REMUNERATION COMMITTEE

## Constitution

The Human Resource & Remuneration Committee (HRRC) is a standing committee of the Board of Directors (BoD) mandated to consider and make recommendations to the Board of Directors on Pakistan Cables Ltd. major human resources management policies, strategies and plans.

## Membership

HRRC shall consist of at least three directors. Majority of these members will be non-executive directors. The Chief Executive may be included as a member. One of the three members will be appointed as Chairman by the Board. While the Chief Executive may be a member of HRRC, he shall not be appointed Chairman of HRRC. The Head of HR, Pakistan Cables Ltd. will act as Secretary to the Committee.

## Frequency of Meetings

The HRRC shall meet as often as required for proper functioning of the Committee and / or proper review of and recommendations on HR affairs of Pakistan Cables Ltd. The HRRC will meet as often as required by the Chairman HRRC or as requested by the Chief Executive.

## Attendance at Meetings

The quorum will be two members. The Chief Executive, being a member of the HRRC, shall not be a part of the proceedings of the HRRC where his compensation and performance are being discussed / evaluated. In the absence of the Chairman, the remaining members may appoint any other member as Chairman. HRRC may invite any employee / independent expert to attend its meeting. Secretary HRRC shall get the signature of each member attending the meeting on an attendance sheet and keep a record of the same.

## Specific and General Areas of Activity Which the Committee is Required to Monitor and Oversee

The HRRC shall review major HR policy framework including compensation, assess organization structure and recommend to the board succession planning for business critical positions including that of the Chief Executive.

The HRRC shall also recommend the recruitment, remuneration and evaluation of the Chief Executive and his direct reports, including the Chief Financial Officer, Chief Internal Auditor and Company Secretary.

## Reporting Procedures

The Committee shall report to the Board through its Chairman. It shall present the minutes, including findings and recommendations of the HRRC meeting to the Board.

Minutes of the meetings will be prepared by the Secretary and circulated to the Members of the committee within seven days of the meeting or prior to the subsequent Board meeting, whichever is earlier.

# MANAGEMENT COMMITTEE

The mission of the Management Committee is to support the Chief Executive to determine and implement the business policies within the strategy approved by the Board of Directors

## Members

| | |
|---|---|
| • Chief Executive | Chairman |
| • Finance Director | Member |
| • G.M. Operations | Member |
| • HR Manager | Member |
| • National Sales & Marketing Manager | Member |

## Role of the committee

The Committee is responsible for the following:

- Review matters / suggestions arising from Operations Committee meetings and take decisions as necessary to improve efficiencies, operations, safety, reduce costs etc.
- Discuss, define and update HR policies.
- Approve parameters for annual increments and ex-gratia.
- Approve all promotions and transfers relating to management staff.
- Assign tasks to the Operations Committee and expand (or subtract) their charter.
- Review & propose annual budget to the Board.
- Review company strategy and its implementation. Implement changes as required within the guidelines approved by the Board of Directors.
- Explore new avenues for business
- Take on any other tasks assigned to it by the Chief Executive or Board Committees.
- Deal with issues arising from Internal Audit investigations.

## Committee procedures

Formal meetings will be conducted on a monthly basis or more frequently as circumstances dictate.

The National Sales & Marketing Manager is the Secretary of the Management Committee. A record will be maintained of the minutes of the formal and informal meetings of the Management Committee. Minutes of the meeting will be circulated to all members of the Management Committee within seven days of the meeting.

In order to form a quorum at least 2 members need to be present including the Chief Executive

# OPERATIONS COMMITTEE

The mission of the Operations Committee is to support the Management Committee in implementing the business policies within the strategy approved by the Board of Directors

## Members

| | |
|---|---|
| Chief Executive | Chairman |
| Finance Director | Vice Chairman |
| National Sales & Marketing Manager | Member/Secretary |
| G.M. Operations | Member |
| Manager Materials | Member |
| Manufacturing Manager | Member |
| Production Manager | Member |
| Manager Material Control & Process Engineering | Member |
| Engineering Manager | Member |
| Training Program Manager | Member |
| Business Unit Head APB | Member |
| Factory HR & Admin Manager | Member |
| Security Manager | Member |
| Manager Production Planning & Operation Excellence | Member |

## Role of the Committee

The Committee is responsible for the following:

- Review in detail ways to cut costs and recommend the same to the Management Committee.
- Review in detail ways to improve efficiencies and recommend the same to the Management Committee.
- Review progress of departments towards their respective annual budgets (expenses, output, sales etc.).
- Review progress of departments towards their respective annual goals.
- Review safety measures and recommend improvements to the Management Committee.
- Review and monitor the supply chain and ensure raw material availability for all products.
- Review and monitor work in progress and finished goods and take actions for their control.
- Define and monitor Key Management Indicators for each department.
- Review staff training needs.
- Identify capital investment projects and propose the same to the Management Committee.

## Committee Procedures

Formal meetings are to be conducted on a monthly basis or more frequently as circumstances dictate.

The National Sales & Marketing Manager is the Secretary of the Operations Committee. A record will be maintained of the minutes of the Operations Committee. Minutes of the meeting will be circulated to all members of the Operations Committee within seven days of the meeting. On approval, the minutes of the meeting are sent to all members of the Management Committee.

The Operations Committee may form sub committees as and when deemed necessary. The Operations Committee may invite other members as and when deemed necessary and may exempt members from meetings if their presences doesn't seem necessary.

In order to form a quorum for the meeting, at least four members shall be present. In the absence of the Chairman, Director Finance will chair the meeting.

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## For the year ended 30 June 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of The Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

| Category | Names |
|---|---|
| Independent Directors | Mr. Saquib H. Shirazi |
| | Ms. Sadia Khan |
| Executive Directors | Mr. Kamal A. Chinoy |
| Non-Executive Directors | Mr. Mustapha A. Chinoy |
| | Mr. Haroun Rashid |
| | Syed Naseem Ahmad |
| | Mr. Roderick Macdonald |
| | Mr. Peter Campbell |
| | Mr. Raeesuddin Paracha |

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies occurred in the Board on 19th September 2013 and 11th March 2014. These were filled on 7th October 2013 and May 5th 2014 respectively.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities.
10. The Company's new Company Secretary was appointed with effect from 26th June, 2014 after having approval from the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed. The Company has complied with all the corporate and financial reporting requirements of the CCG except disclosing the information about name-wise details of Directors, their spouse(s) and minor children and shareholders holding five percent or more voting rights in the Company as mentioned in the Code of Corporate Governance due to security reasons. The Company has applied for relaxation before Securities and Exchange Commission of Pakistan for the above. However reply is yet to be received.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is a non-independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance after approval by the Board.
17. The board has formed a Human Resource & Remuneration Committee. It comprises four members and the chairman of the committee is a non-independent director.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the mechanism for the annual evaluation of the board's own performance which is not yet established, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

MUSTAPHA A. CHINOY
Chairman

KAMAL A. CHINOY
Chief Executive

# REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLAINACE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan Cables limited for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No 35 of the Karachi Stock Exchange.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

a) Paragraph 11 of the Statement of Compliance relating to Directors' Report for disclosure of pattern of shareholding held by certain persons respectively. The Company has applied to the Securities and Exchange Commission of Pakistan (SECP) seeking relaxation from such compliance and currently waiting for the response in this regard.

b) Paragraph 23 relating to a mechanism for the annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance which is yet to be put in place by the Company.

KPMG Taseer Hadi &Co.

Date: September 25, 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Pakistan Cables Limited** ("the Company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) In our opinion:
   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4 with which we concur;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, cash flows and changes in equity for the year then ended; and

d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi &Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Date: September 25, 2014
Karachi

# BALANCE SHEET

## As at 30 June 2014

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Share capital | 5 | **284,623** | 284,623 |
| Share premium reserve | | **527,800** | 527,800 |
| General reserves | | **623,000** | 555,500 |
| Unappropriated profit | | **213,258** | 181,703 |
| | | **1,648,681** | 1,549,626 |
| Surplus on revaluation of land and buildings - net of tax | 6 | **813,534** | 688,728 |
| **Non-current liabilities** | | | |
| Deferred liability for staff gratuity | 7 | **25,217** | 26,871 |
| Other long-term employee benefits | 8 | **19,852** | 15,779 |
| Deferred tax liability - net | 9 | **92,557** | 105,805 |
| Total non current liabilities | | **137,626** | 148,455 |
| **Current liabilities** | | | |
| Current portion of long-term loans | | **-** | 3,125 |
| Trade and other payables | 10 | **853,359** | 619,809 |
| Short term borrowings | 11 | **903,190** | 575,790 |
| Mark-up accrued on bank borrowings | | **7,859** | 6,533 |
| Total current liabilities | | **1,764,408** | 1,205,257 |
| Contingencies and commitments | 12 | | |
| **Total equity and liabilities** | | **4,364,249** | 3,592,066 |

The annexed notes from 1 to 41 form an integral part of these financial statements.

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **1,562,137** | 1,401,668 |
| Investment in associate | 14 | **19,819** | 19,766 |
| Long-term loans | 15 | **2,848** | 3,613 |
| Long-term deposits and prepayments | | **6,779** | 3,184 |
| Total non current assets | | **1,591,583** | 1,428,231 |
| **Current assets** | | | |
| Stores and spares | 16 | **52,281** | 34,058 |
| Stock-in-trade | 17 | **1,324,291** | 1,011,004 |
| Trade debts | 18 | **1,028,387** | 878,367 |
| Short-term loans and advances | 19 | **31,334** | 17,821 |
| Short-term deposits and prepayments | 20 | **21,459** | 6,854 |
| Other receivables | 21 | **26,564** | 25,424 |
| Advance tax - net of provisions | | **257,272** | 178,936 |
| Cash and bank balances | 22 | **31,078** | 11,371 |
| Total current assets | | **2,772,666** | 2,163,835 |
| **Total assets** | | **4,364,249** | 3,592,066 |

**Kamal A. Chinoy**
Chief Executive

**Haroun Rashid**
Director

# PROFIT AND LOSS ACCOUNT

## For the year ended 30 June 2014

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| Net sales | 23 | **6,599,512** | 6,164,555 |
| Cost of sales | 24 | **(5,722,636)** | (5,461,564) |
| **Gross profit** | | **876,876** | 702,991 |
| Selling costs | 25 | **(210,709)** | (224,884) |
| Administrative expenses | 26 | **(165,769)** | (124,776) |
| | | **(376,478)** | (349,660) |
| | | **500,398** | 353,331 |
| Other operating expenses | 27 | **(33,367)** | (25,687) |
| Other income | 28 | **14,980** | 15,255 |
| | | **(18,387)** | (10,432) |
| | | **482,011** | 342,899 |
| Finance expenses | 29 | **(92,984)** | (86,042) |
| Share of profit from associate | | **2,069** | 3,088 |
| **Profit before income tax** | | **391,096** | 259,945 |
| Taxation | 30 | **(168,782)** | (87,016) |
| **Profit for the year** | | **222,314** | 172,929 |
| | | | (Restated) |
| | | (Rupees) | |
| **Earnings per share - basic and diluted** | 31 | **7.81** | 6.08 |

The annexed notes from 1 to 41 form an integral part of these financial statements.

**Kamal A. Chinoy**
Chief Executive

**Haroun Rashid**
Director

# STATEMENT OF COMPREHENSIVE INCOME

## For the year ended 30 June 2014

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| Profit after tax for the year | | **222,314** | 172,929 |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of post employment benefits obligations | | **(20,844)** | 6,100 |
| Income tax relating to actuarial loss / (gain) | | **7,039** | (2,047) |
| | | **(13,805)** | 4,053 |
| Total comprehensive income for the year | | **208,509** | 176,982 |

The annexed notes from 1 to 41 form an integral part of these financial statements.

**Kamal A. Chinoy**
Chief Executive

**Haroun Rashid**
Director

# CASH FLOW STATEMENT

For the year ended 30 June 2014

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 32 | **315,926** | 361,528 |
| Payments to staff retirement benefits | 7.1.7 | **(1,759)** | (3,792) |
| Finance expenses paid | | **(91,658)** | (86,422) |
| Taxes paid - net | | **(283,049)** | (154,792) |
| Long term loans | | **765** | (1,412) |
| Long term deposits and prepayments | | **(3,595)** | (617) |
| Net cash flows from / (used in) operating activities | | **(63,370)** | 114,493 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | **(133,277)** | (33,041) |
| Sale proceeds on disposal of fixed assets | 13.1.2 | **2,271** | 6,920 |
| Dividends received | | **2,016** | 1,728 |
| Net cash flows from investing activities | | **(128,990)** | (24,393) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of long term loans | | **(3,125)** | (23,750) |
| Net increase in short-term finance | | **376,590** | 30,179 |
| Dividends paid | | **(112,208)** | (91,176) |
| Net cash flows from financing activities | | **261,257** | (84,747) |
| Net increase in cash and cash equivalents | | **68,897** | 5,353 |
| Cash and cash equivalents at beginning of the year | | **(108,536)** | (113,889) |
| Cash and cash equivalents at end of the year | 33 | **(39,639)** | (108,536) |

The annexed notes from 1 to 41 form an integral part of these financial statements.

**Kamal A. Chinoy**
Chief Executive

**Haroun Rashid**
Director

# STATEMENTS OF CHANGES IN EQUITY

## For the year ended 30 June 2014

| | Share capital | Share premium reserve | General reserve | Unappropriated profit | Total |
|---|---|---|---|---|---|
| | | | (Rupees in '000) | | |
| Balance as at 01 July 2012 | 284,623 | 527,800 | 504,000 | 144,420 | 1,460,843 |
| Total comprehensive income for the year ended 30 June 2013 | - | - | - | 176,982 | 176,982 |
| Transfer to general reserve for the year ended 30 June 2012 | - | - | 51,500 | (51,500) | - |
| Transfer from surplus on revaluation of buildings - net of deferred tax | - | - | - | 4,304 | 4,304 |
| **Transactions with owners recorded directly in equity** | | | | | |
| Final cash dividend for the year ended 30 June 2012 @ Rs. 3.25 per share | - | - | - | (92,503) | (92,503) |
| Balance as at 30 June 2013 | 284,623 | 527,800 | 555,500 | 181,703 | 1,549,626 |
| Total comprehensive income for the year ended 30 June 2014 | - | - | - | 208,509 | 208,509 |
| Transfer to general reserve for the year ended 30 June 2013 | - | - | 67,500 | (67,500) | - |
| Transfer from surplus on revaluation of buildings - net of deferred tax | - | - | - | 4,396 | 4,396 |
| **Transactions with owners recorded directly in equity** | | | | | |
| Final cash dividend for the year ended 30 June 2013 @ Rs.4.00 per share | - | - | - | (113,850) | (113,850) |
| **Balance as at 30 June 2014** | **284,623** | **527,800** | **623,000** | **213,258** | **1,648,681** |

The annexed notes from 1 to 41 form an integral part of these financial statements.

**Kamal A. Chinoy**
Chief Executive

**Haroun Rashid**
Director

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

## 1. LEGAL STATUS AND OPERATIONS

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 Karachi 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 B/21, S.I.T.E., Karachi, Pakistan.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the land and buildings are stated at revalued amounts, less accumulated depreciation and impairment losses, if any.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is the Company's functional currency. All financial information presented in Pakistani rupee has been rounded off to the nearest thousand, unless otherwise specified.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years are as follows:

### 2.4.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

### 2.4.2 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of funded pension and unfunded gratuity schemes (note 7.1). Changes in these assumptions may effect the liability under these schemes in current and future years.

### 2.4.3 Trade and other debts

Impairment loss against doubtful trade and other debts is made on judgemental basis, for which provision may differ in the future years based on the actual experience. The difference in provision if any, would be recognised in the future years.

### 2.4.4 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of land and buildings are based on a valuation carried out by external professional valuer of the Company. The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

### 2.4.5 Stock in trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding effect on the profit and loss account of those future years.

### 2.4.6 Investment in associate

The Company determines that a significant and prolonged decline in the fair value of its investment in associate below its cost is an objective evidence of impairment. The impairment loss is recognised when the carrying amount exceed the higher of fair value less cost to sell and value in use.

## 2.5 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### 3.1 Investment in associate - equity method

Investments in associate where the Company has significant influence but not control over the financial and operating policies are accounted for using equity basis of accounting, under which the investment in associate are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of the profit or loss of the associate after the date of acquisition, less impairment losses, if any. The Company's share of the profit or loss of the associate is recognised in the Company's profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

Gain / (loss) on sale of above investments, if any, are recognised in the period of sale. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any is recognised in the profit and loss account.

### 3.2 Staff retirement benefits

***Defined benefit plans***

The Company operates a defined benefit funded pension scheme for all permanent employees who are in the management cadre and the executive directors.

In addition, the Company operates an unfunded gratuity scheme, for all permanent employees other than those covered by the pension fund scheme.

The Company's obligation under the pension and gratuity schemes is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Actuarial valuations are conducted annually and the latest valuation was conducted at the balance sheet date (30 June 2014). Service costs are recognised in profit and loss in the period in which they occur. Net interest on net defined benefit liability is also recognised in profit and loss. Net of tax remeasurement comprising actuarial gain/loss and proportion of actual return on plan asset not pertaining to net interest on net defined benefit liability is recognised in other comprehensive income.

***Defined contribution plan***

The Company also operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic pay and dearness allowance.

### 3.3 Financial liabilities

Financial liabilities include long-term loan, short-term borrowings, trade and other payables and mark-up accrued on bank borrowings. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest rate method, where applicable. The Company derecognises the financial liabilities when it ceases to be a party to the contractual provisions of such instruments.

### 3.4 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

***Current***

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account the available tax credits and tax rebates.

***Deferred***

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognised on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised. The Company also recognises deferred tax liability on surplus on revaluation of fixed assets which is adjusted and the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

### 3.5 Property, plant and equipment

- Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except that buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, while land is stated at revalued amount (less impairment losses, if any). Capital work-in-progress is stated at cost accumulated to the balance sheet date less impairment losses, if any. Cost of leasehold land is not amortised since the lease is renewable at nominal price at the option of the lessee.

- Depreciation is charged to income applying the straight line method where by the cost of an asset is written off over its estimated useful life. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged upto the month of disposal.

- International Accounting Standard 16 'Property, Plant and Equipment' requires an annual review of the useful lives and depreciation method. Accordingly during the year the management carried out a review of the above and found the existing estimates of useful lives as adequate.

- Surplus on revaluation of buildings to the extent of incremental depreciation charged there on is transferred from surplus on revaluation of building to retained earnings (unappropriated profit), net of deferred tax.

- Expenditure incurred subsequent to the initial acquisition of asset is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and it meets the recognition criteria mentioned in accounting standards. All other expenditure is recognised in the profit and loss account as an expense is incurred.

- Gains and losses on disposal are included in income currently.

### 3.6 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

### 3.7 Stores and spares

Stores and spares are stated at lower of cost and net realisable value. Cost is determined using weighted average method. Items in-transit are valued at cost comprising invoice value and other charges paid thereon.

### 3.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost of work-in-process and finished goods consists of direct materials, labour and applicable production overheads. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses.

Items in-transit are valued at cost comprising invoice value plus other charges paid thereon up to the balance sheet date.

Scrap is valued at estimated realizable value.

### 3.9 Financial assets other than investments

Financial assets includes trade debts, other receivables, loans, advances and deposits. These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The Company derecognises the financial assets when it ceases to be a party to the contractual provisions of such assets.

### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Short term running finances that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 3.11 Foreign currency translation

Transactions in foreign currencies are recorded in Pakistani rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistani rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses on translation are included in income currently.

### 3.12 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable. The Company records revenue from sale of goods on dispatch of goods to its customers i.e. when the significant risks and rewards of ownership are transferred to the customer.

### 3.13 Impairment

***Financial assets***

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

***Non-financial assets***

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### 3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

### 3.15 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.16 Dividends and reserve appropriation

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

## 4. CHANGE IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after 1 January 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined obligation and the expected return on plan assets with a net interest cost based on the net defined benefits asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurement" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The adoption of the revised standard has resulted in a change in the company's accounting policy related to recognition of actuarial gains and losses (note 3.2). Consequently, the Company now recognizes all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account. Previously, the Company was recognising all actuarial gains and losses in profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and comparative figures have been restated.

The Company's financial statements are affected by the 'remeasurements' relating to prior year. The effects have been summarised below:

| | 2013 (Rupees in '000) |
|---|---|
| **Impact on Profit and Loss** | |
| Increase in cost of sales | 4,026 |
| Increase in selling costs | 1,024 |
| Increase in Administrative expenses | 1,050 |
| Decrease in taxation | (2,047) |
| **Impact on Other Comprehensive Income** | |
| Items that will not be reclassified to Profit or Loss | 4,053 |

Due to adoption of IAS 19 (revised), earnings per share for 2013 is restated from Rs. 6.22 per share to Rs. 6.08 per share. There is no impact on Balance Sheet as a result of the retrospective application of change in accounting policy.

## 5. SHARE CAPITAL

| 2014 | 2013 | | 2014 | 2013 |
|---|---|---|---|---|
| (Number of shares) | | | (Rupees in '000) | |
| **Authorised** | | | | |
| **30,000,000** | 30,000,000 | Ordinary shares of Rs. 10 each | **300,000** | 300,000 |
| **Issued, subscribed and paid up** | | | | |
| **8,475,225** | 8,475,225 | Ordinary shares of Rs. 10 each fully paid in cash | **84,752** | 84,752 |
| **174,775** | 174,775 | Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash | **1,748** | 1,748 |
| **19,812,376** | 19,812,376 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | **198,123** | 198,123 |
| **28,462,376** | 28,462,376 | | **284,623** | 284,623 |

## 6. SURPLUS ON REVALUATION OF LAND AND BUILDINGS - net of tax

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| **Leasehold land** | | |
| Balance as at July 01 | **590,950** | 590,950 |
| Surplus arising on revaluation carried out as at 30 June 2014 | **78,050** | - |
| | **669,000** | 590,950 |
| **Buildings** | | |
| Revaluation surplus over written down value at beginning | **148,153** | 154,774 |
| Surplus arising on revaluation carried out as at 30 June 2014 | **80,873** | - |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax | **(4,396)** | (4,304) |
| Related deferred tax liability of incremental depreciation charged during the year | **(2,264)** | (2,317) |
| | **222,366** | 148,153 |
| Related deferred tax liability at beginning of the year | **(50,375)** | (54,170) |
| Related deferred tax liability on revaluation carried out as at 30 June 2014 | **(28,306)** | - |
| Less: Related to incremental depreciation charged during the year | **2,264** | 2,317 |
| Effect of change in future tax rate | **(1,415)** | 1,478 |
| | **(77,832)** | (50,375) |
| | **813,534** | 688,728 |

## 7. STAFF RETIREMENT BENEFITS

### 7.1 Defined benefit plans

The details of the actuarial valuation under the projected unit credit method as at 30 June 2014 for funded pension and unfunded gratuity schemes are as follows:

#### 7.1.1 Actuarial assumptions

| | Note | 2014 Pension | 2014 Gratuity | 2013 Pension | 2013 Gratuity |
|---|---|---|---|---|---|
| | | ----------%---------- | | ----------%---------- | |
| Discount rate | | **13.00** | **13.00** | 11.00 | 11.00 |
| Expected rate of salary increase | | **13.00** | **9.25** | 9.00 | 9.00 |
| Pension increase | | **3.00** | | 1.00 | |

#### 7.1.2 Balance sheet reconciliation

| | Note | 2014 Pension | 2014 Gratuity | 2013 Pension | 2013 Gratuity |
|---|---|---|---|---|---|
| | | (Rupees in '000) | | (Rupees in '000) | |
| Fair value of plan assets | 7.1.3 | **227,672** | **-** | 222,100 | - |
| Present value of defined benefit obligations | 7.1.4 | **(244,073)** | **(25,217)** | (210,909) | (26,871) |
| Net (liability) / asset | | **(16,401)** | **(25,217)** | 11,191 | (26,871) |

#### 7.1.3 Changes in fair value of plan assets

| | 2014 Pension | 2014 Gratuity | 2013 Pension | 2013 Gratuity |
|---|---|---|---|---|
| Fair value as at 1 July | **222,100** | **-** | 201,036 | - |
| Interest income | **23,865** | **-** | 25,809 | - |
| Remeasurement due to Investment return | **(7,993)** | **-** | 8,161 | - |
| Benefits paid | **(10,421)** | **-** | (15,369) | - |
| Contribution to fund | **121** | **-** | 2,463 | - |
| Fair value as at 30 June | **227,672** | **-** | 222,100 | - |

### 7.1.4 Changes in present value of defined benefit obligation

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Pension | Gratuity | Pension | Gratuity |
| | (Rupees in '000) | | (Rupees in '000) | |
| Obligation as at 1 July | **210,909** | **26,871** | 196,325 | 23,334 |
| Current service cost | **3,312** | **1,913** | 3,070 | 1,656 |
| Interest cost | **22,627** | **2,866** | 25,026 | 3,006 |
| Remeasurement due to: | | | | |
| Change in demographic assumptions | **-** | **221** | - | - |
| Change in financial assumptions | **14,103** | **(4,093)** | - | - |
| Experience adjustment | **3,543** | **(923)** | 1,857 | 204 |
| Benefits paid | **(10,421)** | **(1,638)** | (15,369) | (1,329) |
| Obligation as at 30 June | **244,073** | **25,217** | 210,909 | 26,871 |

### 7.1.5 Amounts recognised in the profit and loss account

| | | | | |
|---|---|---|---|---|
| Service cost | **3,312** | **1,913** | 3,070 | 1,656 |
| Net interest on net defined benefit liability | **(1,238)** | **2,866** | (782) | 3,006 |
| Chargeable in profit and loss account | **2,074** | **4,779** | 2,288 | 4,662 |

### 7.1.6 Amounts recognised in other comprehensive income

| | | | | |
|---|---|---|---|---|
| Remeasurement due to: | | | | |
| Change in demographic assumptions | **-** | **221** | - | - |
| Change in financial assumptions | **14,103** | **(4,093)** | - | - |
| Experience adjustment | **3,543** | **(923)** | 1,857 | 204 |
| Investment return | **7,993** | **-** | (8,161) | - |
| Chargeable in other comprehensive income | **25,639** | **(4,795)** | (6,304) | 204 |
| Total cost | **27,713** | **(16)** | (4,016) | 4,866 |

### 7.1.7 Recognised asset / (liability)

| | | | | |
|---|---|---|---|---|
| Balance as on 1 July | **11,191** | **(26,871)** | 4,712 | (23,334) |
| Income / (expense) recognised | **(27,713)** | **16** | 4,016 | (4,866) |
| Payments during the year | **121** | **1,638** | 2,463 | 1,329 |
| Company's asset / (liability) at 30 June | **(16,401)** | **(25,217)** | 11,191 | (26,871) |

| | | | | |
|---|---|---|---|---|
| **7.1.8 Actual return on plan assets** | **15,872** | **-** | 33,970 | - |

### 7.1.9 Fund investments composition / fair value of plan assets (in percentage)

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Pension | Gratuity | Pension | Gratuity |
| | ----------%---------- | | ----------%---------- | |
| Debt instruments | **70%** | **-** | 86% | - |
| Equity | **5%** | **-** | 5% | - |
| Cash | **25%** | **-** | 9% | - |

### 7.1.10 Historical information

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | (Rupees in '000) | | | | |
| Fair value of plan assets | **227,672** | 222,100 | 201,036 | 175,245 | 219,391 |
| Present value of the defined benefit obligation | **(269,290)** | (237,780) | (219,658) | (189,391) | (251,480) |
| Deficit in the plan | **(41,618)** | (15,680) | (18,622) | (14,146) | (32,089) |

### 7.2 Defined contribution plan

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2014 was Rs.7.620 million (2013: Rs. 6.779 million). The audit of the provident fund for the year ended 31 December 2013 is in progress. The net assets based on audited financial statements of Provident Fund as at 31 December 2012 was Rs. 158.7 million out of which 95% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. Currently all assets of the fund are valued at amortised cost except for investments made in equity securities. The fair value of equity securities amounts to Rs. 17.9 million.

### 7.3 Sensitivity analyses for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Impact on Obligation of Change in Assumption | |
|---|---|---|
| | Increase in assumption | Decrease in assumption |
| | (Rupees in '000) | |
| Discount rate - increase / decrease by 1% | (22,093) | 25,866 |
| Salary increase - increase / decrease by 1% | 7,468 | (6,718) |
| Pension increase - increase / decrease by 1% | 19,289 | (17,087) |

If life expectancy increases by 1 year, the obligation increases by Rs 2,311,937.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

## 8. OTHER LONG - TERM EMPLOYEE BENEFITS

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. Nil (2013: Rs. Nil ).

## 9. DEFERRED TAX LIABILITY - net

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Taxable temporary differences** | | | |
| Accelerated tax deprecation | | **113,930** | 126,311 |
| Surplus on revaluation of buildings | 6 | **77,832** | 50,375 |
| | | **191,762** | 176,686 |
| **Deductible temporary differences** | | | |
| Provision for staff retirement and other benefits | | **(8,826)** | (9,135) |
| Provision for doubtful debts | | **(13,410)** | (7,807) |
| Provision for slow-moving stores and spares | | **(4,226)** | (3,467) |
| Provision for import levies and other provisions | | **(72,743)** | (50,472) |
| | | **(99,205)** | (70,881) |
| | | **92,557** | 105,805 |

## 10. TRADE AND OTHER PAYABLES

| | Note | 2014 | 2013 |
|---|---|---|---|
| Creditors | | **273,729** | 54,991 |
| Accrued expenses | | **93,271** | 70,948 |
| Salaries and wages | | **10,514** | 7,140 |
| Advances from customers | | **203,305** | 266,427 |
| Deposits from distributors | | **8,448** | 8,448 |
| Payable to staff provident fund - a related party | | **1,490** | 221 |
| Provision for import levies | 10.1 | **138,012** | 115,627 |
| Payable to staff pension fund - a related party | 7.1.2 | **16,401** | - |
| Workers' profit participation fund | 10.2 | **21,616** | 15,276 |
| Workers' welfare fund | | **10,549** | 7,257 |
| Tax deducted at source | | **2,479** | 2,273 |
| Unclaimed dividend | | **10,141** | 8,499 |
| Others | | **63,404** | 62,702 |
| | | **853,359** | 619,809 |

### 10.1 Provision for import levies

This represents provision for import levies on raw materials. The movement in this provision during the year is as follows:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Balance as on 1 July | **115,627** | 96,893 |
| Charge for the year - net | **22,385** | 18,734 |
| Balance as at 30 June | **138,012** | 115,627 |

**10.1.1** The Company along with many other companies had filed appeal against the levy of Infrastructure Cess at import stage by provincial Government. The case was initially decided by the High Court of Sindh in the year 2008 according to which this levy was applicable for the period from 28th December 2006 onwards while it was not applicable on consignments cleared prior to this date. The decision was challenged by both the department and the companies in the Supreme Court which referred back the matter to High Court in the year 2011. During the year 2012, the High Court passed an interim order through which all the appellant companies were required to pay 50% of the amount involved in this respect on the consignments cleared between 28th December 2006 to 30th May 2011 and to give bank guarantee for the balance amount. The guarantees submitted for the period prior to 28th December 2006 were also to be released by the department. Further, all consignments after 30th May 2011 are being released on the basis of 50% payment in cash and 50% in shape of bank guarantee. This is an interim arrangement and is subject to the final order by the High Court which may be issued in due course of time.

### 10.2 Workers' profit participation fund

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Balance as on 1 July | | **15,276** | 15,526 |
| Mark-up on funds utilised in the Company's business | 29 | **477** | 892 |
| Allocation for the year | 27 | **21,139** | 14,384 |
| | | **36,892** | 30,802 |
| Amount paid to the fund | | **(15,276)** | (15,526) |
| Balance as at 30 June | | **21,616** | 15,276 |

## 11. SHORT TERM BORROWINGS

**From banking companies - secured**

| | Note | 2014 | 2013 |
|---|---|---|---|
| Running finance under mark-up arrangements | 11.1 | **70,717** | 119,907 |
| Short term finance | 11.2 | **832,473** | 455,883 |
| | | **903,190** | 575,790 |

### 11.1 Running finance under mark-up arrangements

The Company has arranged short-term running finance facilities from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 2,150 million (2013: Rs. 2,150 million). The rate of mark-up on these running finance facilities ranges between 11.14% to 11.88% net of prompt payment rebate (2013: 10.51% to 11.41% per annum). These facilities will expire between 30 June 2014 to 31 March 2015 and are renewable.

### 11.2 Short term finance

The amount outstanding against the term finance facility as at June 30, 2014 available from banks was Rs. 832.5 million (30 June 2013: Rs. 455.9 million) earmarked out of the total running finance facilities of Rs.1,528 million obtained from these banks. Mark-up on term finance is agreed at each disbursement and as at 30 June 2014 ranges from 10.41% per annum to 10.59% per annum. These are payable latest by 30 July 2014.

### 11.3 Other facilities

The facility for opening letters of credit and guarantees as at 30 June 2014 amounted to Rs. 2,748 million (2013: Rs. 2,799 million) of which the amount remaining unutilised as at that date was Rs. 2,522 million (2013: Rs. 2,515 million).

### 11.4 Securities

The above arrangements are secured by way of joint hypothecation over stocks, stores and spares and present and future trade debts of the Company.

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

a) The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 5.483 million (2013: Rs. 5.127 million) against partial exemption of import levies.

b) Bank guarantees amounting to Rs. 198.403 million (2013: Rs. 281.124 million) have been given to various parties for contract performance, tender deposits, import levies etc.

c) The Company received a show cause notice from the Large Taxpayers Unit, Karachi demanding an amount of Rs. 251 million pertaining to the sales tax returns of the Company for the years 2008-9 2009-10 and 2010-11. The Company had submitted its response to the show cause notice through its authorised representative. Subsequently, the Company received an order from the department in this connection demanding Rs. 13.8 million as default surcharge on above amount. The management in consultation with its tax advisor is of the view that the department's notice is based on interpretation which is against the spirit of the law. The Company filed an appeal against the above order with Commissioner (Appeals) which also upheld the order previously passed by the department. However, the tax advisor of the Company is of the view that there will be no adverse impact on the Company. Subsequently the Company has filed an appeal against Commissioner (Appeals) order at appellate tribunal.

## 12.2 Commitments

a) Aggregate commitments for capital expenditure as at 30 June 2014 amounted to Rs. 27.996 million (2013: Rs.8.568 million).

b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 30 June 2014 amounted to Rs. 26.032 million (2013: Rs. 3.090 million).

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Operating assets | 13.1 | **1,527,317** | 1,399,165 |
| Capital work-in-progress | 13.2 | **34,820** | 2,503 |
| | | **1,562,137** | 1,401,668 |

## 13.1 Operating assets

| | 2014 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cost / revaluation | | | | | Depreciation | | | | Net book value as at 30 June 2014 | Rate % |
| | As at 01 July 2013 | Additions | Revaluation Surplus | (Disposals) | As at 30 June 2014 | As at 01 July 2013 | For the year | (Adjustment / Disposals) | As at 30 June 2014 | | |
| | (Rupees in '000) | | | | | | | | | | |
| Leasehold land at revalued amount | 590,950 | - | 78,050 | - | 669,000 | - | - | - | - | 669,000 | - |
| Buildings on leasehold land at revalued amount | 265,260 | - | 41,084 | - | 306,344 | 26,526 | 13,263 | (39,789) | - | 306,344 | 5 |
| Leasehold improvements | - | 19,043 | - | - | 19,043 | - | 190 | - | 190 | 18,853 | 12 |
| Plant and machinery | 1,321,649 | 53,655 | - | - | 1,375,304 | 794,030 | 102,650 | - | 896,680 | 478,624 | 8,12 & 25 |
| Office equipment and appliances | 67,170 | 9,717 | - | (1,015) | 75,872 | 54,665 | 6,397 | (980) | 60,082 | 15,790 | 12, 25 & 33 |
| Furniture and fittings | 17,332 | 5,397 | - | - | 22,729 | 10,185 | 1,683 | - | 11,868 | 10,861 | 8 & 12 |
| Vehicles | 38,703 | 13,128 | - | (2,171) | 49,660 | 16,548 | 7,005 | (1,693) | 21,860 | 27,800 | 20 |
| Loose tools | 1,327 | 20 | - | - | 1,347 | 1,272 | 30 | - | 1,302 | 45 | 33 |
| | 2,302,391 | 100,960 | 119,134 | (3,186) | 2,519,299 | 903,226 | 131,218 | (42,462) | 991,982 | 1,527,317 | |

| | 2013 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cost / revaluation | | | | | Depreciation | | | | Net book value as at 30 June 2013 | Rate % |
| | As at 01 July 2012 | Additions | Revaluation Surplus | (Disposals) | As at 30 June 2013 | As at 01 July 2012 | For the year | (Disposal) | As at 30 June 2013 | | |
| | (Rupees in '000) | | | | | | | | | | |
| Leasehold land at revalued amount | 590,950 | - | - | - | 590,950 | - | - | - | - | 590,950 | - |
| Buildings on leasehold land at revalued amount | 265,260 | - | - | - | 265,260 | 13,263 | 13,263 | - | 26,526 | 238,734 | 5 |
| Plant and machinery | 1,305,206 | 18,634 | - | (2,191) | 1,321,649 | 697,339 | 98,882 | (2,191) | 794,030 | 527,619 | 8,12 & 25 |
| Office equipment and appliances | 62,759 | 5,054 | - | (643) | 67,170 | 49,596 | 5,673 | (604) | 54,665 | 12,505 | 12, 25 & 33 |
| Furniture and fittings | 17,225 | 341 | - | (234) | 17,332 | 8,851 | 1,568 | (234) | 10,185 | 7,147 | 8 & 12 |
| Vehicles | 42,174 | 7,644 | - | (11,115) | 38,703 | 20,495 | 6,647 | (10,594) | 16,548 | 22,155 | 20 |
| Loose tools | 1,467 | 33 | - | (173) | 1,327 | 1,376 | 69 | (173) | 1,272 | 55 | 33 |
| | 2,285,041 | 31,706 | - | (14,356) | 2,302,391 | 790,920 | 126,102 | (13,796) | 903,226 | 1,399,165 | |

**13.1.1** The revaluation of leasehold land and building was carried out on 30 June 2014 by M/s. Iqbal A. Nanjee & Co. a professional valuer on the basis of market value. The valuation has resulted in additional surplus of Rs. 158.923 million before tax.

Had there been no revaluation, the carrying amounts of leasehold land and building would have been Nil (2013: Nil) and Rs. 83.978 million (2013: Rs. 90.581 million) respectively. At 30 June 2014, undepreciated surplus on land and building amounted to Rs. 891.366 million (2013: Rs. 739.103 million).

## 13.1.2 Details of fixed assets disposed off during the year are as follows:

| Assets | | Cost | Accumulated depreciation | Net book value | Sale proceeds | Mode of disposal | Purchaser | Address |
|---|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | | |
| **Vehicle** | | | | | | | | |
| Suzuki Mehran | | 607 | 131 | 475 | 610 | Insurance claim | Jubilee General Insurance | I.I.Chundrigar Road, Karachi. |
| **Others** | | | | | | | | |
| Items of net book value below Rs. 50,000 each | | 2,579 | 2,542 | 38 | 1,661 | Negotiation | Various | Various |
| | **2014** | **3,186** | **2,673** | **513** | **2,271** | | | |
| | **2013** | 14,356 | (13,796) | 560 | 6,920 | | | |

## 13.1.3 Depreciation has been allocated as follows:

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Cost of sales | 24 | **120,407** | 116,996 |
| Selling costs | 25 | **4,140** | 3,097 |
| Administrative expenses | 26 | **6,671** | 6,009 |
| | | **131,218** | 126,102 |

## 13.2 Capital work-in-progress

| | | Cost | | | |
|---|---|---|---|---|---|
| | | As at 01 July | Additions | (Transfers) | As at 30 June |
| | | (Rupees in '000) | | | |
| Plant and machinery | | **2,503** | **67,476** | **(41,640)** | **28,339** |
| Furniture and fixture | | **-** | **4,480** | **(4,480)** | **-** |
| Office equipment | | **-** | **3,272** | **(3,272)** | **-** |
| Leasehold improvements | | **-** | **19,043** | **(19,043)** | **-** |
| Others | | **-** | **6,481** | **-** | **6,481** |
| | **2014** | **2,503** | **100,752** | **(68,435)** | **34,820** |
| | **2013** | 1,168 | 17,174 | (15,839) | 2,503 |

| **14. INVESTMENT IN ASSOCIATE - equity accounted for** | **2014** | **2013** | **2014** | **2013** |
|---|---|---|---|---|
| | **% of holding** | | **(Rupees in '000)** | |
| International Industries Limited (IIL) 576,000 (2013: 576,000) fully paid ordinary shares of Rs. 10 each [market value of Rs. 28.477 million (2013: Rs. 25.983 million)] | **0.48** | 0.48 | **19,819** | 19,766 |

**14.1** Associates are entities over which the Company has significant influence and no control. Company's investee company is considered to be its associate by virtue of common directorship.

**14.2 Summarised financial information of associated company**

| | **International Industries Limited (IIL)** | |
|---|---|---|
| | **31 March 2014** | **30 June 2013** |
| | **(Rupees in '000)** | |
| Assets | **16,824,795** | 14,565,853 |
| Liabilities | **11,033,309** | 8,621,741 |
| | **For the nine months ended 31 March 2014** | **For the year ended 30 June 2013** |
| | **(Rupees in '000)** | |
| Total revenue | **11,667,422** | 17,729,744 |
| Profit after tax | **266,998** | 558,143 |

**14.3** Above associate has been equity accounted for upto 31 March 2014. The financial impact for the quarter ended 30 June 2014 of the above associate is not considered to be material.

## 15. LONG-TERM LOANS

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Considered good - secured** | | | |
| Due from employees | | **3,368** | 5,022 |
| Due from executives | | **1,458** | 559 |
| | | **4,826** | 5,581 |
| Recoverable within one year | 19 | **(1,978)** | (1,968) |
| | | **2,848** | 3,613 |

**15.1** Mark-up free loans have been given to the employees for purchase of motor cars, motorcycles and other purposes as per the Company policy and agreement with the workers' union. These are repayable in thirty-six to sixty equal monthly instalments.

## 16. STORES AND SPARES

| | | 2014 | 2013 |
|---|---|---|---|
| Stores | | **2,428** | 1,739 |
| Spares [including Rs.0.574 million in transit (2013: Rs. 0.626 million)] | | **61,928** | 42,515 |
| | | **64,356** | 44,254 |
| Provision against slow moving stores and spares | | **(12,075)** | (10,196) |
| | | **52,281** | 34,058 |

## 17. STOCK-IN-TRADE

| | Note | 2014 | 2013 |
|---|---|---|---|
| Raw materials [including Rs. 269.0 million in transit (2013: Rs. 179.7 million)] | 17.1 | **634,010** | 431,790 |
| Work-in-process | 17.2 | **251,211** | 286,657 |
| Finished goods | 17.2 | **415,877** | 272,355 |
| Scrap | | **23,193** | 20,202 |
| | | **1,324,291** | 1,011,004 |

**17.1** Raw material includes slow moving items valued at Nil value as against their cost of Rs. 10.469 million (2013: Rs. 5.664 million).

**17.2** Work-in-process and finished goods include slow moving items aggregating Rs. 9.9 million (2013: Rs. 12.3 million) and Rs. 17.2 million (2013: Rs. 15.0 million) respectively stated at their net realizable values as against their cost of Rs. 12.9 million (2013: Rs. 16.6 million) and Rs. 28.3 million (2013: Rs. 26.7 million) respectively.

## 18. TRADE DEBTS - unsecured

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Considered good** | | | |
| Due from related parties | 18.1 | **135,509** | 79,365 |
| Others | | **892,878** | 799,002 |
| | | **1,028,387** | 878,367 |
| **Considered doubtful** | | | |
| Others | | **38,315** | 22,961 |
| | | **1,066,702** | 901,328 |
| Provision for doubtful debts | 18.2 | **(38,315)** | (22,961) |
| | | **1,028,387** | 878,367 |

**18.1** The related parties from whom the debts are due are as under:

| | 2014 | 2013 |
|---|---|---|
| Atlas Battery Limited | **20,113** | - |
| Atlas Honda Limited | **3,639** | 4,108 |
| Cherat Cement Company Limited | **984** | 5,058 |
| Intermark (Private) Limited | **110,581** | 68,565 |
| International Industries Limited | **-** | 78 |
| Packages Limited | **-** | 518 |
| Pakistan Petroleum Limited | **156** | 630 |
| International Steels Limited | **11** | 6 |
| Heritage Developments | **25** | 327 |
| Thatta Cement Company Limited | **-** | 75 |
| | **135,509** | 79,365 |

**18.1.1** The above balances are mark-up free and unsecured. The aging of above balances at the balance sheet date is as follows:

| | 2014 | 2013 |
|---|---|---|
| Not past due | **133,255** | 75,491 |
| Past due 1-180 days | **2,128** | 3,361 |
| Past due 181-365 days | **126** | 513 |
| | **135,509** | 79,365 |

### 18.2 Provision for doubtful debts

| | 2014 | 2013 |
|---|---|---|
| Opening balance | **22,961** | 23,000 |
| Provision during the year | **15,354** | - |
| Written off | **-** | (39) |
| | **38,315** | 22,961 |

## 19. SHORT-TERM LOANS AND ADVANCES - unsecured, considered good

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Current portion of long term loans | 15 | **1,978** | 1,968 |
| Short-term advances to employees | | **300** | 323 |
| Advances to suppliers | | **29,056** | 15,530 |
| | | **31,334** | 17,821 |

## 20. SHORT TERM DEPOSITS AND PREPAYMENTS

| | | |
|---|---|---|
| Deposits - considered good | **7,259** | 4,468 |
| Prepayments | **14,200** | 2,386 |
| | **21,459** | 6,854 |

## 21. OTHER RECEIVABLES

| | | |
|---|---|---|
| Sales tax | **18,868** | 14,206 |
| Insurance claim Receivable | **7,432** | - |
| Receivable from staff pension fund - a related party | **-** | 11,191 |
| Others | **264** | 27 |
| | **26,564** | 25,424 |

## 22. CASH AND BANK BALANCES

| | | |
|---|---|---|
| With banks in current accounts | **30,977** | 11,221 |
| Cash in hand | **101** | 150 |
| | **31,078** | 11,371 |

## 23. NET SALES

| | | |
|---|---|---|
| Gross sales | **7,732,071** | 7,249,709 |
| Sales tax | **(1,113,511)** | (989,527) |
| | **6,618,560** | 6,260,182 |
| Discounts | **(19,048)** | (95,627) |
| | **6,599,512** | 6,164,555 |

## 24. COST OF SALES

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| Opening work-in-process | | 286,657 | 217,210 |
| Opening stock - raw material | | 431,790 | 633,739 |
| Opening stock - metal scrap | | 20,202 | 15,372 |
| | | 451,992 | 649,111 |
| Purchases of raw material | | 5,443,517 | 4,738,045 |
| | | 5,895,509 | 5,387,156 |
| Sales of scrap material during the year | | (102,370) | (83,535) |
| Closing stock - raw material | | (634,010) | (431,790) |
| Closing stock - metal scrap | | (23,193) | (20,202) |
| | | (657,203) | (451,992) |
| | | (759,573) | (535,527) |
| | | 5,135,936 | 4,851,629 |
| Stores and spares consumed | | 48,149 | 47,431 |
| Fuel and power | | 160,491 | 125,415 |
| Salaries, wages and benefits | 24.1 | 277,455 | 226,050 |
| Rent, rates and taxes | | 26,741 | 5,238 |
| Insurance | | 4,778 | 4,740 |
| Repairs and maintenance | | 46,522 | 35,631 |
| Depreciation | 13.1.3 | 120,407 | 116,996 |
| Communication and stationery | | 1,087 | 1,036 |
| Training, travelling and entertainment | | 8,335 | 4,265 |
| General works | | 21,231 | 12,800 |
| | | 715,196 | 579,602 |
| Cost of production | | 6,137,789 | 5,648,441 |
| Closing work-in-process | | (251,211) | (286,657) |
| Cost of goods manufactured | | 5,886,578 | 5,361,784 |
| Opening stock of finished goods | | 272,355 | 380,588 |
| | | 6,158,933 | 5,742,372 |
| Closing stock of finished goods | | (415,877) | (272,355) |
| | | 5,743,056 | 5,470,017 |
| Insurance claim | | (20,420) | (8,453) |
| | | 5,722,636 | 5,461,564 |

## 24.1 Details of salaries, wages and benefits

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| Salaries, wages and benefits | | **267,015** | 215,895 |
| Provident fund contributions | | **4,717** | 4,101 |
| Charge for pension fund obligation | | **1,091** | 1,533 |
| Charge for staff retirement gratuity | | **4,632** | 4,521 |
| | | **277,455** | 226,050 |

## 25. SELLING COSTS

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| Salaries, wages and benefits | 25.1 | **57,511** | 60,334 |
| Rent, rates and taxes | | **6,527** | 2,325 |
| Insurance | | **1,160** | 698 |
| Repairs and maintenance | | **1,165** | 624 |
| Communication and stationery | | **2,637** | 2,435 |
| Training, travelling and entertainment | | **11,322** | 8,862 |
| Advertising and publicity | | **40,874** | 61,522 |
| Carriage and forwarding expenses | | **77,979** | 80,170 |
| Commission | | **2,019** | 1,992 |
| Depreciation | 13.1.3 | **4,140** | 3,097 |
| Subscriptions | | **1,183** | 1,120 |
| Fuel and power | | **2,088** | 1,328 |
| Others | | **2,104** | 377 |
| | | **210,709** | 224,884 |

## 25.1 Details of salaries, wages and benefits

| | 2014 | 2013 (Restated) |
|---|---|---|
| Salaries, wages and benefits | **55,133** | 58,430 |
| Provident fund contributions | **1,626** | 1,389 |
| Charge for pension fund obligation | **605** | 374 |
| Charge for staff retirement gratuity | **147** | 141 |
| | **57,511** | 60,334 |

## 26. ADMINISTRATIVE EXPENSES

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| Salaries, wages and benefits | 26.1 | **100,255** | 91,839 |
| Office rent | | **4,259** | - |
| Insurance | | **3,287** | 1,098 |
| Repairs and maintenance | | **2,533** | 2,117 |
| Legal and professional | | **8,551** | 4,800 |
| Donations | 26.2 | **5,000** | 4,083 |
| Auditors' remuneration | 26.3 | **1,117** | 924 |
| Communications and stationery | | **5,603** | 4,179 |
| Provision for doubtful debts / write off | | **15,354** | 105 |
| Training, travelling and entertainment | | **5,493** | 4,463 |
| Depreciation | 13.1.3 | **6,671** | 6,009 |
| Fuel and power | | **2,636** | 2,305 |
| Others | | **5,010** | 2,854 |
| | | **165,769** | 124,776 |

### 26.1 Details of salaries, wages and benefits

| | 2014 | 2013 |
|---|---|---|
| Salaries, wages and benefits | **98,600** | 90,169 |
| Provident fund contributions | **1,277** | 1,289 |
| Charge for pension fund obligation | **378** | 381 |
| | **100,255** | 91,839 |

**26.2** Donations were not made to any donee in which the Company or a director or his spouse had any interest.

### 26.3 Auditors' remuneration

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Audit fee | **570** | 520 |
| Fee for the review of half yearly financial statements | **206** | 187 |
| Special certifications | **158** | 162 |
| Out of pocket expenses | **183** | 55 |
| | **1,117** | 924 |

## 27. OTHER OPERATING EXPENSES

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Liquidated damages for late deliveries | | **1,327** | 2,687 |
| Workers' profits participation fund | 10.2 | **21,139** | 14,384 |
| Workers' welfare fund | | **10,549** | 7,257 |
| Exchange loss | | **352** | 1,359 |
| | | **33,367** | 25,687 |

## 28. OTHER INCOME

| | | 2014 | 2013 |
|---|---|---|---|
| Income from insurance commission | | **1,362** | 1,221 |
| Income from non-financial assets | | | |
| - Sale of general scrap | | **9,294** | 7,674 |
| - Gain on disposal of fixed assets | | **1,758** | 6,360 |
| - Reversal of liabilities over 3 years | | **2,566** | - |
| | | **14,980** | 15,255 |

## 29. FINANCE EXPENSES

| | Note | 2014 | 2013 |
|---|---|---|---|
| Mark-up on finances under mark-up arrangements | | **88,404** | 76,110 |
| Mark-up on long-term loans | | **150** | 2,333 |
| Mark-up on workers' profits participation fund | 10.2 | **477** | 892 |
| Bank charges | | **3,953** | 6,707 |
| | | **92,984** | 86,042 |

## 30. TAXATION

| | | Note | 2014 | 2013 (Restated) |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| Current | - for the year | | **178,341** | 124,263 |
| | - prior years | | **35,088** | (2,799) |
| Deferred | - due to changes in temporary differences - net | | **(44,998)** | (32,840) |
| | - due to change in tax rate | | **351** | (1,608) |
| | | 30.1 | **168,782** | 87,016 |

**30.1 Relationship between tax expense and accounting profit:**

| | 2014 | 2013 (Restated) |
|---|---|---|
| | (Rupees in '000) | |
| Profit before taxation | **391,096** | 259,945 |
| Tax at the applicable rate of 34% (2013: 35%) | **132,973** | 90,981 |
| Tax effect of expenses that are not allowable in determining taxable income | **2,151** | 2,370 |
| Tax permanent difference | **2,040** | - |
| Tax effect of liability over three years already offered for tax in prior year | **(872)** | - |
| Tax effect of share of profit from associates and dividend received from them | **(501)** | (908) |
| Tax effect of prior year tax provision - net | **35,088** | (2,799) |
| Tax effect of income charged at different rates | **(2,448)** | (1,020) |
| Tax effect of change in tax rate for future years | **351** | (1,608) |
| Tax charge | **168,782** | 87,016 |

**30.2** The income tax assessments of the Company have been finalised upto and including the financial year ended 30 June 2013.

**30.3** Return submitted under section 114 of the Income Tax Ordinance, 2001 for the tax year 2007 and 2008 were amended under section 122(5A) of the Income Tax Ordinance, 2001 by the Income Tax Officer (ITO). Expenses amounting to Rs.84 million were disallowed by the taxation officer and were added back to income in respect of above mentioned tax years. However, as a result of the appeal filed by the Company, the Commissioner (Appeals) allowed expenses of Rs.80 million to the Company. The department then filed appeal with the Tribunal against the decision of Commissioner (Appeals) while the Company also filed appeal with the Tribunal for admissibility of the remaining expenses of Rs.4 million. The Tribunal allowed remaining expenses of Rs.4 million on Company's appeal but reinstated disallowances of Rs.74 million in respect of department's appeal. The Company has now filed appeal in the High Court against this decision and is hopeful of the favourable outcome of its appeal.

## 31. EARNINGS PER SHARE - basic and diluted

| | 2014 | 2013 (Restated) |
|---|---|---|
| | (Rupees in '000) | |
| Profit after taxation | **222,314** | 172,929 |
| | (Number of shares) | |
| Weighted average number of ordinary shares issued and subscribed at the end of the year | **28,462,376** | 28,462,376 |
| | (Rupees) | |
| Earnings per share - basic and diluted | **7.81** | 6.08 |

## 32. CASH GENERATED FROM OPERATIONS

| | Note | 2014 | 2013 (Restated) |
|---|---|---|---|
| | | (Rupees in '000) | |
| Profit before taxation | | **391,096** | 259,945 |
| Adjustment for non cash charges and other items: | | | |
| - Depreciation | 13.1.3 | **131,218** | 126,102 |
| - Provision for staff retirement benefits | 7.1.5 | **6,853** | 6,950 |
| - Other long-term employee benefits | | **4,073** | 1,224 |
| - Gain on disposal of fixed assets | | **(1,758)** | (6,360) |
| - Share of profit from associate | | **(2,069)** | (3,088) |
| - Finance expenses | | **92,984** | 86,042 |
| - Working capital changes | 32.1 | **(306,471)** | (109,287) |
| | | **315,926** | 361,528 |

### 32.1 Working capital changes

| | 2014 | 2013 (Restated) |
|---|---|---|
| | (Rupees in '000) | |
| Decrease / (increase) in current assets | | |
| - Stores and spares | **(18,223)** | (7,105) |
| - Stock-in-trade | **(313,287)** | 235,905 |
| - Trade debts | **(150,020)** | (162,680) |
| - Short-term loans and advances | **(13,513)** | (10,973) |
| - Short term deposits and payments | **(14,605)** | (15) |
| - Other receivables - net | **(12,331)** | (14,233) |
| | **(521,979)** | 40,899 |
| (Decrease) / increase in current liabilities | | |
| Trade and other payables - net | **215,508** | (150,186) |
| | **(306,471)** | (109,287) |

## 33. CASH AND CASH EQUIVALENTS

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Cash and cash equivalents comprise of the following items: | | | |
| Cash and bank balances | 22 | **31,078** | 11,371 |
| Running finance under mark-up arrangements | 11 | **(70,717)** | (119,907) |
| | | **(39,639)** | (108,536) |

## 34. FINANCIAL INSTRUMENTS

### Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 34.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is as follows:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Trade debts | **1,028,387** | 878,367 |
| Loans and advances | **5,126** | 5,904 |
| Deposits | **11,198** | 7,652 |
| Bank balances | **30,977** | 11,221 |
| Other receivables | **7,696** | 11,218 |
| | **1,083,384** | 914,362 |

**34.1.1** The maximum exposure to credit risk at the balance sheet date by geographic region was as follows:

| | | |
|---|---|---|
| Domestic (Pakistan) | **1,079,396** | 904,022 |
| Exports / Export Processing Zone | **3,988** | 10,340 |
| | **1,083,384** | 914,362 |

**34.1.2** The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

| | | |
|---|---|---|
| Dealers and distributors | **490,792** | 307,058 |
| End-user customers | **537,595** | 571,309 |
| | **1,028,387** | 878,367 |

**34.1.3** As at the year end the Company's most significant customers included a distributor from whom Rs.110.581 million was due (2013: Rs. 68.565 million) and an end-user from whom Rs.109.786 million was due (2013: Rs. 105.310 million).

### 34.1.4 Impairment losses and past due balances

The aging of trade debt balances at the balance sheet date is as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| | (Rupees in '000) | | | |
| Not past due | **727,928** | **-** | 601,139 | - |
| Past due 1-60 days | **199,421** | **-** | 169,239 | - |
| Past due 61 days -1 year | **97,420** | **-** | 105,179 | - |
| More than one year | **41,933** | **38,315** | 25,771 | 22,961 |
| | **1,066,702** | **38,315** | 901,328 | 22,961 |

**34.1.5** Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these financial statements. None of the other financial assets are past due or impaired. Movement of provision against trade debts is disclosed in note 18.2.

### 34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

| | 2014 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six month or less | Six to twelve months | Two to five years | More than five years |
| | (Rupees in '000) | | | | | |
| **Non-Derivative Financial liabilities** | | | | | | |
| Trade and other payables | **512,042** | **(512,042)** | **(512,042)** | **-** | **-** | **-** |
| Short-term borrowings and mark up payable | **911,049** | **(911,049)** | **(911,049)** | **-** | **-** | **-** |
| | **1,423,091** | **(1,423,091)** | **(1,423,091)** | **-** | **-** | **-** |

| | 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six month or less | Six to twelve months | Two to five years | More than five years |
| | (Rupees in '000) | | | | | |
| **Non-Derivative Financial liabilities** | | | | | | |
| Long term loans and mark up payable | 3,143 | (3,293) | (3,293) | - | - | - |
| Trade and other payables | 237,755 | (237,755) | (237,755) | - | - | - |
| Short-term borrowings and mark up payable | 582,304 | (582,304) | (582,305) | - | - | - |
| | 823,202 | (823,352) | (823,353) | - | - | - |

**34.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in note 11 to these financial statements.

## 34.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

### 34.3.1 Currency risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on trade debts, borrowings and sales that are denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Rupees in '000 | US Dollars in '000 | Rupees in '000 | US Dollars in '000 |
| Trade debts | **3,988** | **40** | 10,340 | 105 |
| Creditors | **(184,486)** | **(1,868)** | (24,526) | (248) |
| Gross exposure | **(180,498)** | **(1,828)** | (14,186) | (143) |

Above exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the net exposure due to existing restrictions by the State Bank of Pakistan.

Following are the significant exchange rates applied during the year:

| | Average rates | | Balance sheet date rate | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | (Rupees) | | (Rupees) | |
| US Dollars | **101.84** | 97.23 | **98.75** | 98.80 |

**Sensitivity analysis**

A five percent strengthening / (weakening) of the Rupee against US Dollar at 30 June would have increased / (decreased) equity and profit and loss account by Rs. 9.224 million (2013: Rs. 0.708 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for 2013.

**34.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

| | Carrying amount | |
|---|---|---|
| | 2014 | 2013 |
| | (Rupees in '000) | |
| **Variable rate instruments** | | |
| Financial liabilities | **903,190** | 578,915 |

Foreign currency loans bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs.

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and the equity of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the equity and profit or loss as of 30 June 2014 by Rs. 0.719 million (2013: Rs. 0.348 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

### 34.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### 34.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

## 35. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

**35.1** Revenue from cables & wires represents 97% (2013 : 98%) of the total revenue of the company.
**35.2** 98% (2013: 99%) sales of the Company relates to customers in Pakistan.
**35.3** All non-current assets of the Company at 30 June 2014 are located in Pakistan.
**35.4** The Company does not have any customer having sales of 10% or more during the year ended 30 June 2014 (2013 : 10%).

## 36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

### 36.1 Remuneration of the chief executive and executives

The aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive and executives of the Company were as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Chief Executive | Executives | Chief Executive | Executives |
| | (Rupees in '000) | | (Rupees in '000) | |
| Managerial remuneration (including performance bonus) | **38,823** | **81,952** | 33,047 | 70,768 |
| Retirement benefits | **-** | **4,840** | - | 833 |
| House rent, utilities and others | **9,149** | **31,309** | 8,246 | 27,910 |
| | **47,972** | **118,101** | 41,293 | 99,511 |
| Number of persons | **1** | **45** | 1 | 37 |

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 0.5 million in a financial year. The chief executive and certain executives of the Company are provided with free use of cars. The chief executive and executives are also provided with medical facilities in accordance with their entitlements.

### 36.2 Remuneration to non-executive directors

In addition to the above, the aggregate amount charged in these financial statements for directors' fee for eight directors was Rs. 1.100 million (2013: ten directors - Rs. 1.025 million).

## 37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees and staff retirement funds. Contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (pension scheme) are in accordance with the actuarial advice. Remuneration of key management personnel are in accordance with their terms of employment. Other transactions are at agreed terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| | 2014 | 2013 (Restated) |
|---|---|---|
| | (Rupees in '000) | |
| Sale of goods | **627,782** | 564,031 |
| Discount | **5,993** | 32,398 |
| Purchase of goods, services and materials | **27,039** | 52,332 |
| Commission earned | **-** | 2 |
| Insurance premium | **-** | 3,568 |
| Insurance claim received | **200** | 11,346 |
| Interest received - net | **2,802** | 839 |
| Dividend received | **2,016** | 1,728 |
| Share of profit from associated company | **2,069** | 3,088 |
| Directors' fees | **1,100** | 1,025 |
| Liquidated damages | **-** | 48 |
| Net charge in respect of staff retirement benefit plans | **9,694** | 9,067 |

Details of balances with related parties are disclosed in notes 7, 8, 10, 14, 18.1 and 28 to these financial statements. Key management personnel of the Company comprises of the Chief Executive Officer and other directors. Their remuneration are disclosed in note 36.1 and 36.2.

## 38. PLANT CAPACITY AND ACTUAL PRODUCTION

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

## 39. NUMBER OF EMPLOYEES

The total number of employees as at year end were 445 and average number of employees were 436.

## 40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 25 September 2014 have proposed for the year ended 30 June 2014, final cash dividend of Rs. 4.50 per share (2013: Rs. 4.00 per share) amounting to Rs.128.081 million (2013: Rs. 113.850 million) and appropriation to general reserves amounting to Rs.85.000 million (2013: Rs.67.500 million) for approval by the members of the Company in the Annual General Meeting to be held on 29 October 2014. The financial statements for the year ended 30 June 2014 do not include the effect of the proposed cash dividend and appropriation to general reserves, which will be recognised in the financial statements for the year ending 30 June 2015.

## 41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 25 September 2014 by the board of directors of the Company.

**Kamal A. Chinoy**
Chief Executive

**Haroun Rashid**
Director

# PATTERN OF SHAREHOLDING
as at June 30, 2014

| No. of Shareholders | Shareholding From | Shareholding To | Total Shares Held |
|---|---|---|---|
| 633 | 1 | 100 | 12,411 |
| 400 | 101 | 500 | 103,707 |
| 228 | 501 | 1,000 | 171,582 |
| 354 | 1,001 | 5,000 | 804,848 |
| 95 | 5,001 | 10,000 | 676,090 |
| 31 | 10,001 | 15,000 | 382,616 |
| 10 | 15,001 | 20,000 | 173,478 |
| 4 | 20,001 | 25,000 | 93,497 |
| 3 | 25,001 | 30,000 | 83,561 |
| 3 | 30,001 | 35,000 | 99,054 |
| 4 | 35,001 | 40,000 | 149,487 |
| 2 | 40,001 | 45,000 | 81,143 |
| - | 45,001 | 50,000 | - |
| 1 | 50,001 | 55,000 | 51,493 |
| 1 | 55,001 | 60,000 | 59,000 |
| - | 60,001 | 65,000 | - |
| 3 | 65,001 | 70,000 | 201,298 |
| 1 | 70,001 | 75,000 | 74,250 |
| 1 | 75,001 | 80,000 | 77,713 |
| 1 | 80,001 | 85,000 | 81,291 |
| 2 | 85,001 | 90,000 | 176,554 |
| 1 | 90,001 | 95,000 | 94,771 |
| - | 95,001 | 100,000 | - |
| 2 | 100,001 | 105,000 | 206,246 |
| - | 105,001 | 110,000 | - |
| 1 | 110,001 | 115,000 | 114,500 |
| - | 115,001 | 120,000 | - |
| 1 | 120,001 | 125,000 | 122,540 |
| - | 125,001 | 325,000 | - |
| 1 | 325,001 | 330,000 | 326,128 |
| - | 330,001 | 715,000 | - |
| 1 | 715,001 | 720,000 | 719,999 |
| - | 720,001 | 730,000 | - |
| 1 | 730,001 | 735,000 | 734,347 |
| - | 735,001 | 750,000 | - |
| 1 | 750,001 | 755,000 | 753,200 |
| - | 755,001 | 1,050,000 | - |
| 1 | 1,050,001 | 1,055,000 | 1,053,275 |
| - | 1,055,001 | 1,320,000 | - |
| 1 | 1,320,001 | 1,325,000 | 1,320,883 |
| - | 1,325,001 | 1,755,000 | - |
| 1 | 1,755,001 | 1,760,000 | 1,758,827 |
| - | 1,760,001 | 2,005,000 | - |
| 1 | 2,005,001 | 2,010,000 | 2,009,071 |
| - | 2,010,001 | 2,425,000 | - |
| 1 | 2,425,001 | 2,430,000 | 2,425,913 |
| - | 2,430,001 | 2,525,000 | - |
| 1 | 2,525,001 | 2,530,000 | 2,529,271 |
| - | 2,530,001 | 3,740,000 | - |
| 1 | 3,740,001 | 3,745,000 | 3,740,334 |
| - | 3,745,001 | 6,995,000 | - |
| 1 | 6,995,001 | 7,000,000 | 6,999,998 |
| - | 7,000,001 | 28,462,376 | - |
| **Total** 1,794 | | | 28,462,376 |

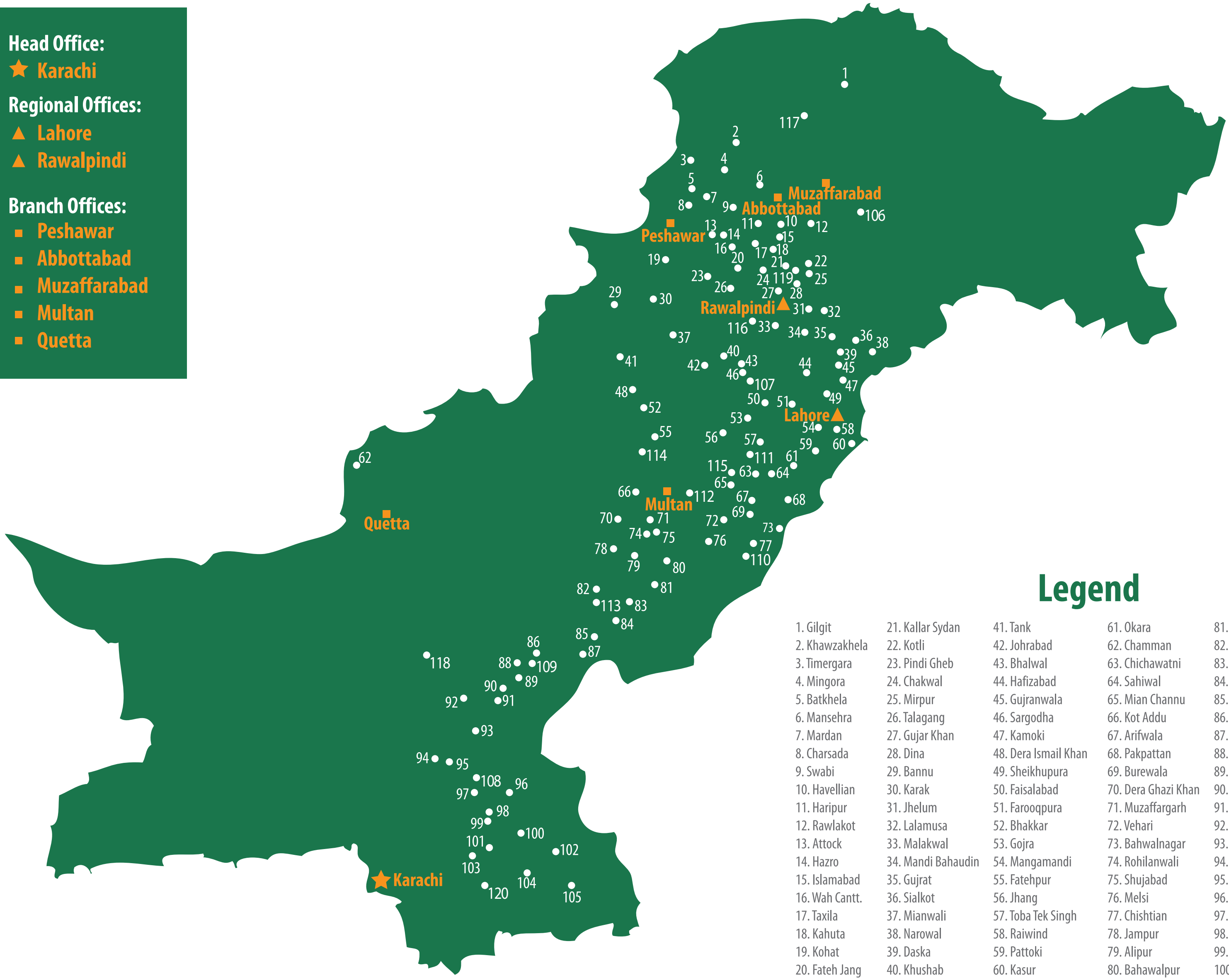
| Categories of Shareholders | Number | Shares held | Percentage |
|---|---|---|---|
| Associated Companies, Undertakings and Related Parties | 2 | | |
| International Industries Limited | | 2,425,913 | 8.52 |
| GK Technologies, Incorporated | | 6,999,998 | 24.59 |
| Mutual Funds | 5 | | |
| CDC - Trustee National Investment (Unit) Trust | | 1,758,827 | 6.18 |
| Golden Arrow Selected Stocks Fund Limited | | 114,500 | 0.40 |
| CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund | | 66,000 | 0.23 |
| CDC - Trustee AKD Opportunity Fund | | 28,000 | 0.10 |
| CDC - Trustee AKD Index Tracker Fund | | 1,500 | 0.01 |
| Directors, Chief Executive Officer, their Spouses and Minor Children | 12 | 7,115,554 | 25.00 |
| Executives | 5 | 97,495 | 0.34 |
| Public Sector Companies and Corporations | - | - | - |
| Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds | 11 | 473,102 | 1.66 |
| Shareholders holding five Percent or more voting rights in the Company | 1 | 2,009,071 | 7.06 |
| General Public | 1,748 | 7,164,155 | 25.18 |
| Others | 10 | 208,261 | 0.73 |
| Total | 1,794 | 28,462,376 | 100.00 |

# PCL Network

**Head Office:**
- ★ Karachi

**Regional Offices:**
- ▲ Lahore
- ▲ Rawalpindi

**Branch Offices:**
- ■ Peshawar
- ■ Abbottabad
- ■ Muzaffarabad
- ■ Multan
- ■ Quetta




## Legend

1. Gilgit
2. Khawzakhela
3. Timergara
4. Mingora
5. Batkhela
6. Mansehra
7. Mardan
8. Charsada
9. Swabi
10. Havellian
11. Haripur
12. Rawlakot
13. Attock
14. Hazro
15. Islamabad
16. Wah Cantt.
17. Taxila
18. Kahuta
19. Kohat
20. Fateh Jang
21. Kallar Sydan
22. Kotli
23. Pindi Gheb
24. Chakwal
25. Mirpur
26. Talagang
27. Gujar Khan
28. Dina
29. Bannu
30. Karak
31. Jhelum
32. Lalamusa
33. Malakwal
34. Mandi Bahaudin
35. Gujrat
36. Sialkot
37. Mianwali
38. Narowal
39. Daska
40. Khushab
41. Tank
42. Johrabad
43. Bhalwal
44. Hafizabad
45. Gujranwala
46. Sargodha
47. Kamoki
48. Dera Ismail Khan
49. Sheikhupura
50. Faisalabad
51. Farooqpura
52. Bhakkar
53. Gojra
54. Mangamandi
55. Fatehpur
56. Jhang
57. Toba Tek Singh
58. Raiwind
59. Pattoki
60. Kasur
61. Okara
62. Chamman
63. Chichawatni
64. Sahiwal
65. Mian Channu
66. Kot Addu
67. Arifwala
68. Pakpattan
69. Burewala
70. Dera Ghazi Khan
71. Muzaffargarh
72. Vehari
73. Bahwalnagar
74. Rohilanwali
75. Shujabad
76. Melsi
77. Chishtian
78. Jampur
79. Alipur
80. Bahawalpur
81. Ahmedpur
82. Rajanpur
83. Liaquatpur
84. Khanpur
85. Rahim Yar Khan
86. Deharkai
87. Sadiqabad
88. Mirpur Mathelo
89. Panu Aqil
90. Sukkur
91. Khairpur Mirus
92. Larkana
93. Mehrabpur
94. Dadu
95. Moro
96. Sanghar
97. Nawabshah
98. Shahdadpur
99. Tando Adam
100. Mirpur Khas
101. Tando Allahyar
102. Umarkot
103. Hyderabad
104. Jhudoo
105. Mithi
106. Bagh
107. Chinot
108. Daur
109. Ghotki
110. Haroonabad
111. Kamalia
112. khanewal
113. Kot Mithan
114. Layyah
115. Peer Mahal
116. Pind Dadan Khan
117. Skardu
118. Shadad Kot
119. Sohawa
120. Tando Bago

# Proxy Form

I ________________________________________________

of ________________________________________________

being a member of **Pakistan Cables Limited** hereby appoint:

________________________________ Folio No. ________________

of ________________________________________________

________________________________________________(full address)

or failing him ________________________ Folio No. ________________

of ________________________________________________

________________________________________________(full address)

as my proxy to attend and vote on my behalf at the 61st Annual General Meeting of the Company to be held on 29th October, 2014 and at any adjournment thereof.

As witness my hands this ________________________ day of ________________ 2014.

Signed by the proxy holder

Please affix Revenue Stamp of Rs. 5/-

Signature of Member

In the presence of (Signature / name and address of witnesses)

1) ________________________ ________________________

2) ________________________ ________________________

Shareholder's Folio No. ________________ Number of Shares held ________________

A member entitled to attend and vote in the Meeting is entitled to appoint a proxy to attend and vote instead of him. Such proxy must be a member of the company.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation, Its common seal should be affixed to the instrument.

The instrument appointing a proxy, together with the Power of Attorney under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting.

CDC shareholders or their Proxies should bring their original National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their Identification.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Pakistan Cables Limited
B-21, Pakistan Cables Road, S.I.T.E.,
Karachi-75700

BRILLIANT 60 YEARS

**Factory**
P.O. Box. 5050, B-21, Pakistan Cables Road,
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# Shareholder Mail List Request Form

In accordance with Securities and Exchange Commission of Pakistan S.R.O. 787 (I)/ 2014, shareholders may elect to receive annual balance sheet and profit and loss statement, auditor's report and directors report, audited financial statements along with notice of annual general meeting through e-mail, instead of a hard copy. If you would like to receive such mailings from Pakistan Cables Limited, please complete and return this form:

Name: (please print clearly) ______________________________

Address: ______________________________

City: ______________________________

Folio No: ______________________________

E-mail Address: ______________________________

As witness my hand this ______________________________

day of ______________ 2014. ______________________________

Signature: ______________

If you choose not to receive this information by e-mail, it will still be available to you on the Pakistan Cables Limited website at www.pakistancables.com and a hard copy shall be delivered to your address. You may also download a copy of this form from the website. As long as you remain a shareholder, you will be asked yearly if you wish to receive annual financial statements and related material for the upcoming year by e-mail. Please note that the Company may elect not to send certain documents electronically, in which case a paper copy of the document will be mailed to you instead.