

Analysts:

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INTERNATIONAL INDUSTRIES LIMITED**Chief Executive: Mr. Yousuf H. Mirza****RATING DETAILS**

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AA-	A1	AA-	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	November 07, 2025		October 22, 2024	

APPLICABLE METHODOLOGY(IES):

VIS Entity Rating Criteria Methodology – Industrial Corporates

<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>**Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>**RATING RATIONALE**

International Industries Limited (“IIL” or “the Company”) is a leading manufacturer of steel and polymer pipes in Pakistan and part of Amir S. Chinoy Group, a longstanding player in the industrial sector. The ratings reflect IIL’s established market position, diversified product base, and strong group position.

The business risk profile is assessed as Medium, given the cyclical nature of the steel industry, reliance on imported raw materials, exposure to exchange rate movements, and uneven competitive landscape. Sector dynamics remain challenging due to high energy costs and weak demand; however, an improving macroeconomic environment, higher PSDP spending, and the phased withdrawal of FATA/PATA tax exemptions are expected to support a gradual recovery in FY26.

Financial risk profile remains sound, driven by reduced debt levels, improved capitalization, and healthy liquidity indicators. Margins have largely remained stable, while efficient working capital management has strengthened the cash conversion cycle. Looking ahead, we expect moderate topline growth led by improving macroeconomic conditions and profitability supported by focused expansion in polymer pipes segment, offering engineering solution products and solarization-driven cost savings.

COMPANY PROFILE

International Industries Limited (‘IIL’ or ‘the Company’) is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, and polymer pipes and fittings. The Company owns three manufacturing facilities, two in Karachi and one in Sheikhpura with a combined capacity of

RS. MILLION	FY23	FY24	FY25
Net Sales	26,787	29,203	25,096
PBT	2,883	1,806	1,565
PAT	2,273	1,473	1,104
Paid up call	1,319	1,319	1,319
Equity (incl. surplus on PEE)	15,249	18,428	19,659
Total Debt	11,958	8,978	5,745
Debt Leverage	1.81	1.15	0.84
Gearing	1.16	0.78	0.47
FFO	2,637	1,598	1,256
FFO/Total Debt (x)	0.22	0.18	0.22
NP Margin	8.5%	5.0%	4.4%

454,800 MT. The registered office of the Company is situated at Beaumont Plaza, Karachi.

IIL is part of Amir S. Chinoy (ASC) Group, a prominent conglomerate in the industrial sector with diverse presence in sectors including:

1. Steel and polymer pipes through IIL
2. Cold-rolled and coated steel coils and sheets through International Steel Limited (which is a subsidiary of IIL)
3. Electrical wires and cables through Pakistan Cables Ltd
4. Engineering and construction through Chinoy Engineering & Construction (Pvt) Limited.

The Company's key shareholders are as following:

Shareholders	Percentage
State Life Insurance Corp. of Pakistan	9.99
Kamal A. Chinoy	9.66
Mustapha A. Chinoy	9.38
National Bank of Pakistan	9.00

IIL maintains a global footprint through its key subsidiaries: IIL Australia Pty Limited, which oversees the Group's interests in the Asia-Pacific region; IIL Americas Inc., focused on the North American market; and the newly established INIL Europe Ltd. (FY25) to expand into the European market. Locally, the Company also operates IIL Trading Pvt. Ltd., engaged in the trading of construction materials, chemicals, power and hand tools, and related accessories from renowned international brands like Milwaukee, Fischer and Mapei.

INDUSTRY PROFILE & BUSINESS RISK

The steel industry in Pakistan is divided into three sub-sectors: long, flat, and pipes/tubes. The pipe segment, which includes spiral-welded, longitudinally welded, and seamless steel pipes, accounts for approximately 9% of the national steel output, estimated at 825,000 MT within the broader steel market of 9-10 Mn tons, serving the oil and gas, water transmission, construction, and industrial sectors.

VIS categorizes the business risk profile of Steel pipes sector as 'Medium' given the limited competition in the local market with few key players. Moreover, the demand is inherently cyclical, mainly driven by large industrial projects, public sector spending and general construction activity across the country. In recent years, capacity utilization in the steel pipes segment has remained low, primarily due to subdued infrastructure activity, and competitive pressures exacerbated by the misuse of sales tax exemptions in the FATA/PATA regions. However, this

exemption is scheduled for phased removal over the next four years, thereby ensuring a level playing field for all domestic manufacturers.

On the cost side, the industry is exposed to foreign exchange risk and import restrictions due to reliance on import of primary raw material, Hot Rolled Cold (HRC), with both quality and price directly influencing production costs. HRC prices exhibit volatility driven by international market dynamics of demand and supply, which are linked to global economic conditions and inventory levels of steel producers. High energy intensity also makes the segment vulnerable to gas and electricity price fluctuations.

Looking ahead, the sector is expected to experience modest growth in FY26, as a result of gradual improvement in public sector spending and economic stabilization with a forecasted GDP growth rate of 3.6% by IMF and 4.2% targeted by the government.

Product Profile & Capacity

Utilization in IIL's steel tubes and pipes segment has been steadily declining in recent years, primarily driven by macroeconomic challenges, weak demand, and an uneven competitive landscape. In contrast, the polymer pipe segment recorded a 30% YoY growth in FY25, supported by its cost-effective nature and rising market acceptance amid declining purchasing power for steel products. These are predominantly used in water, gas and telecom infrastructure projects.

Capacity (Metric Tonnes)	2023	2024	2025
Steel Pipe	335,000	335,000	335,000
Cold rolled steel strip	20,000	20,000	20,000
Galvanizing	60,000	60,000	60,000
Polymer pipes & fittings	35,000	35,000	35,000
Stainless steel pipes	4,800	4,800	4,800
Production	2023	2024	2025
Steel Pipe	78,079	76,731	62,057
Galvanizing	29,373	31,333	26,722
Polymer pipes & fittings	7,071	7,092	9,314
Stainless steel pipes	1,147	1,253	1,085
Utilization	2023	2024	2025
Steel Pipe	23%	23%	19%
Galvanizing	49%	52%	45%
Polymer pipes & fittings	20%	20%	27%
Stainless steel pipes	24%	26%	23%

FINANCIAL RISK

Capital Structure

The Company has gradually improved its capitalization profile in line with its strategy to reduce reliance on borrowings. Total debt, which had peaked at PKR 15 Bn in FY22, has been steadily reduced to PKR 5.7 Bn by FY25, with a significant YoY reduction in long-term debt (FY25: PKR 589 Mn, FY24: PKR 3.8 Bn) due to early repayment of PKR 2.1 Bn diminishing musharaka loan while, lower production level amidst constrained demand has also limited the need for short term debt utilization.

Resultantly, the capitalization indicators have improved during FY25, with gearing and leverage ratios standing at 0.47x and 0.84x, respectively (FY24: 0.78x and 1.15x). Going forward, the Company does not intend to contract additional long-term debt during the rating horizon, while short-term borrowings may temporarily rise to around PKR 6 Bn upon pickup in demand and sales, in which case gearing is projected to remain at a prudent level of around 0.50x.

Profitability

During FY25, IIL reported net sales of PKR 25.09 Bn (FY24: PKR 26.79 Bn), reflecting a 14% YoY decline. This reduction was primarily driven by subdued economic activity and continued misuse of sales tax exemptions in the FATA/PATA regions. Moreover, during the year, IIL undertook consolidation measures by transitioning from a credit-based dealer model to a distributor model, enabling more efficient working capital management, albeit with some moderation in sales volumes.

Export Vs Local Sales

Sales	2021	2022	2023	2024	2025
Local	23,084	26,761	21,752	24,408	22,025
Export	5,856	11,096	5,035	4,795	3,071
	28,940	37,858	26,787	29,203	25,096
Local	80%	71%	81%	84%	88%
Export	20%	29%	19%	16%	12%

Product-wise, the contribution from the polymer segment continued to rise, accounting for 22% of total sales in FY25 (FY24: 15%) primarily due to the declining share of steel products.

Product-wise Sales

Major Product Lines	2021	2022	2023	2024	2025
Steel Products	25,577	35,207	23,309	24,691	19,480
Polymer Products	3,364	2,651	3,478	4,512	5,616
	28,940	37,858	26,787	29,203	25,096
Steel Products	88%	93%	87%	85%	78%
Polymer Products	12%	7%	13%	15%	22%

During FY25, IIL also established a new international subsidiary, INIL Europe (Pvt.) Ltd., to facilitate product distribution in the European market, alongside its existing subsidiaries – IIL Americas Inc. and IIL Australia Pty. Ltd. – focused on North American and Asia-Pacific regions, respectively.

Additionally, the Company has also invested PKR 48.45 Mn in Chinoy Engineering & Construction Ltd. (CECL), representing a 17% equity stake alongside group companies International Steels Ltd. and Pakistan Cables Ltd., which together hold 51% ownership. CECL is engaged in the business of construction and has secured a contract with Reko Diq Mining Company to design and construct permanent accommodation camp at the Copper-Gold Mines in Baluchistan. IIL has started to receive dividend income from this investment, amounting to PKR 5 Mn in FY25.

Cost pressures during the year were partly offset by relatively lower global steel prices and the completion of solarization projects at manufacturing sites. However, lower capacity utilization with limited fixed cost absorption, resulted in a slight contraction in gross margin to 12.5% (FY24: 13.1%), though margins have remained broadly stable over recent years.

Lower finance costs, reflecting reduced interest rates and debt levels, supported bottom-line profitability, with PBT margin remaining stable at 6.2% (FY24: 6.2%). Profitability continued to be supported by dividend income from International Steels Ltd. (ISL), (constituting 78% of net income), although lowering by 36% YoY in line with ISL's profitability decline amid macroeconomic headwinds. Consequently, net profit stood at PKR 1.1 Bn (FY24: PKR 1.47 Bn), translating into a net margin of 4.4% (FY24: 5.0%).

Looking ahead, sales are expected to post modest growth supported by improving macroeconomic conditions and management's focus on expanding the polymer pipes segment.

Debt Coverage & Liquidity

During FY25, the Company's liquidity profile remained satisfactory, with the current ratio recorded at 1.43x (FY24: 1.63x). The cash conversion cycle continued to improve, shortening to 139 days (FY24: 166 days) on the back of more efficient working capital management. Inventory is now maintained at lower levels, typically for up to three months, while the shift from dealer-based sales to a distributor model, which largely operates on cash, has notably reduced domestic/ commercial

receivables to around 10 days compared to 30-40 days previously extended to dealers. Institutional sales continue on standard credit terms of 45-60 days while export receivables remain longer at around 120 days, which keeps the overall cash cycle elevated.

Funds from Operations (FFO) declined to PKR 1.25 Bn (FY24: PKR 1.59 Bn), primarily reflecting lower profitability. Nevertheless, coverage indicators remained comfortable owing to the significant reduction in debt levels, with FFO-to-total and short-term debt reported at 0.22x and 0.24x, respectively (FY24: 0.18x and 0.31x). Debt service coverage ratio (DSCR) improved to 2.83x (FY24: 1.51x), supported by lower finance costs and long-term debt.

FINANCIAL SUMMARY <i>(amounts in PKR millions)</i>					Appendix I
BALANCE SHEET	FY21	FY22	FY23	FY24	FY25
Property, Plant and Equipment	7,480	9,984	9,934	12,246	12,960
Long term Investments	3,373	3,373	3,373	3,373	3,448
Stock-in trade	11,924	13,578	14,106	9,897	7,933
Trade debts	5,247	8,800	5,271	4,998	4,130
Cash and bank balance	73	114	212	385	803
Total Assets	28,900	36,296	33,956	31,638	29,919
Long term debt	2,961	2,425	4,613	3,891	589
Short term debt	10,181	12,637	7,345	5,086	5,156
Total debt	13,143	15,063	11,958	8,978	5,745
Trade and other payables	3,097	4,440	4,223	2,679	3,168
Total Liabilities	17,402	21,701	18,707	13,210	10,260
Paid up capital	1,319	1,319	1,319	1,319	1,319
Unappropriated profit	4,419	5,465	6,322	7,441	8,230
General reserve	2,700	2,700	2,700	2,700	2,700
Total Equity	11,499	14,594	15,249	18,428	19,659
Tier-1 Equity	8,438	9,484	10,341	11,459	12,249
INCOME STATEMENT	FY21	FY22	FY23	FY24	FY25
Net Sales	28,940	37,858	26,787	29,203	25,096
Gross Profit	3,973	4,669	3,422	3,839	3,147
Operating Profit	2,149	1,702	1,614	1,998	1,386
Finance Costs	(756)	(1,182)	(1,732)	(1,473)	(609)
Profit Before Tax	2,259	3,657	2,883	1,806	1,565
Profit After Tax	2,315	2,156	2,273	1,473	1,104
RATIO ANALYSIS	FY21	FY22	FY23	FY24	FY25
Gross Margin (%)	13.7%	12.3%	12.8%	13.1%	12.5%
Operating Margin (%)	7.4%	4.5%	6.0%	6.8%	5.5%
Net Margin (%)	8.0%	5.7%	8.5%	5.0%	4.4%
Funds from Operation (FFO) (PKR Mn)	2,284	3,768	2,637	1,598	1,256
FFO to Total Debt (x)	0.17	0.25	0.22	0.18	0.22
FFO to Long Term Debt (x)	0.77	1.55	0.57	0.41	2.13
Gearing (x)	1.56	1.59	1.16	0.78	0.47
Leverage (x)	2.06	2.29	1.81	1.15	0.84
Debt Servicing Coverage Ratio (x)	1.84	2.07	1.81	1.51	2.83
Current Ratio (x)	1.19	1.16	1.43	1.63	1.43
(Stock in trade + trade debts) / STD (x)	1.69	1.77	2.64	2.93	2.34
Return on Average Assets (%)	8.0%	6.6%	6.5%	4.5%	3.6%
Return on Average Equity (%)	27.4%	24.1%	22.9%	13.5%	9.3%
Cash Conversion Cycle (days)	195	185	226	166	139

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	International Industries Limited				
Sector	Steel Industry				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
	RATING TYPE: ENTITY				
	07-Nov-25	AA-	A1	Stable	Reaffirmed
	22-Oct-24	AA-	A1	Stable	Reaffirmed
	13-Nov-23	AA-	A1	Stable	Maintained
	06-Apr-23	AA-	A1	Rating Watch - Developing	Maintained
	11-May-22	AA-	A1	Stable	Reaffirmed
	12-Mar-21	AA-	A1	Stable	Maintained
	20-Oct-20	AA-	A1	Rating Watch- Negative	Maintained
	21-Jun-19	AA-	A1	Stable	Reaffirmed
	10-Apr-18	AA-	A1	Stable	Reaffirmed
	13-Jan-17	AA-	A1	Stable	Initial
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	S.No.	Name	Designation	Date	
	1.	Mr. Salman Najeeb	CFO	29-Sept, 2025	
	2.	Mr. Ebrahim Mustafa	Financial Controller		