

## CBM PLASTICS (PVT) LIMITED

**Analyst:**

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## RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	BBB+	A2
RATING OUTLOOK/ WATCH	Stable		Positive	
RATING ACTION	Upgrade		Maintained	
RATING DATE	February 12, 2026		November 22, 2024	

## Shareholding (5% or More)

## Other Information

Mr. Muhammad Asif Zindani – 41.5%

Incorporated in 1992

Mr. Iftikhar Hussain – 21.4%

Private Limited Company

Mr. Mushtaq Kassam Chapra – 10.3%

Chief Executive: Mr. Iftikhar Hussain

Mr. Samir Shaukat Chapra – 6.2%

External Auditor: Daudally Lalani & Co. Chartered Accountants

Mr. Kamran Chapra – 5.1%

## Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings

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

## Rating Scale

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

## Rating Rationale

CBM Plastics (Pvt.) Limited's ("CBM" or the "Company") rating reflects its established position in Pakistan's domestic plastic packaging industry, underpinned by a dominant market share in lubricant segment and long-standing relationships with key customers. This strong market standing supports the Company's business risk profile and partially offsets the inherent risks associated with operating in a competitive and fragmented industry. While the Company exhibits elevated customer concentration, this risk is mitigated by deep-rooted relationships with major clients, particularly leading petroleum companies. Moreover, the prevalence of fixed-margin contractual arrangements provides partial insulation against volatility in raw material prices and exchange rate movements, albeit at the cost of limiting margin upside during favorable operating conditions.

Financial risk is assessed as moderate. Profitability has remained stable, while capitalization metrics, gearing and leverage, have improved gradually on the back of earnings retention. However, cash flow coverage remains sensitive to working capital intensity and planned capital expenditure. Liquidity is considered adequate, supported by internal cash generation and sponsor support.

Going forward, ratings remain sensitive to achievement of projected performance, continued sponsor support and strengthening of external reporting framework.

## Company Profile

CBM Plastics (Pvt.) Limited ('CBM' or 'the Company') was founded in 1992 and specializes in production and domestic sale of plastic containers and packages. The product portfolio mainly includes blow-molded plastic drums, containers, jerry cans, caps and closures that are primarily supplied to the lubricant oil industry. Manufacturing facility is located at S.I.T.E industrial area, Karachi with its manufacturing plants located at S.I.T.E., Karachi, Pakistan.

## Group Profile

It is a family-owned business, with two members (family friends) collectively owning more than 60% shareholding and the rest distributed among remaining twelve members.

## Management and Governance

### CEO PROFILE

Mr. Iftikhar Hussain has been the CEO of CBM since 1993 and prior to that he held the position of Financial Controller at Jaffer Brother (Pvt) Limited, where he was associated since 1985. He is a graduate from University of Pennsylvania in Computer Science. He also did his postgraduation in Finance from New York University.

### BOARD & SENIOR MANAGEMENT

The Board consists of five directors, including the CEO, who actively oversees overall operations. Monthly financials are presented to the Board, while quarterly meetings are held to discuss growth, expansion plans, and other key matters. No significant changes were reported at the Board or Senior Management level.

### AUDIT OPINION

Daudally Lalani & Co. Chartered Accountants, a QCR rated firm from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of FY25.

## Business Risk

### INDUSTRY UPDATE

Pakistan's plastic industry comprises an upstream segment responsible for the production of polymer resins and basic raw materials, and a larger downstream segment that converts these inputs into finished plastic products for domestic consumption and export. The upstream base remains limited, with only a few producers supplying polymers. This dependence continues to expose the downstream sector to exchange-rate volatility, global resin price fluctuations, and elevated import costs, shaping overall cost competitiveness across the value chain.

During FY25, the downstream plastic sector demonstrated relative resilience despite a challenging macroeconomic environment marked by high interest rates, elevated energy costs, and subdued consumer purchasing power. Demand was largely supported by essential end-use segments, including food and beverage packaging, water storage, agriculture inputs, and industrial logistics. However, profitability remained constrained due to limited pricing power in a fragmented market dominated by small and mid-sized processors, alongside competition from imported finished goods and informal manufacturers. Increased imports of plastic products and intermediates during the year reflected both sustained domestic demand and gaps in local substitution for higher-value downstream products, while export performance remained volatile due to weak external demand and comparatively higher production costs.

In 1HFY26, downstream conditions broadly stabilized in line with gradual improvement in large-scale manufacturing activity and easing inflationary pressures. The growth in the lubricant oil sector was driven by vehicle expansion, industrial activity, and agricultural mechanization, which has supported consistent demand for plastic containers, especially small- and medium-sized bottles (1–5 liters) and larger drums used in commercial and industrial distribution.

Looking ahead, the outlook for Pakistan's downstream plastic sector remains stable but constrained. Demand fundamentals are supported by urbanization, increasing packaging intensity, and industrial usage, with relatively stronger growth expected in value-added segments such as rigid packaging, plastic drums, PET containers, and specialized industrial products. However, sustained improvement will depend on policy consistency, cost competitiveness, and access to affordable inputs.

### OPERATIONAL PERFORMANCE

Production Capacity and Utilization	FY23	FY24	FY25
<b>Blowing</b>			
Capacity - no. of bottles (in '000)	158,500	163,000	167,000
Production - no. of bottles (in '000)	135,000	145,000	148,000
Utilization (%)	85%	89%	89%
<b>Injection</b>			
Capacity - no. of performs (in '000)	125,000	130,000	135,000
Production - no. of performs ('000)	110,000	115,000	120,000
Utilization (%)	88%	88%	89%

During FY25, the Company carried out a Balancing, Modernization Replacement (BMR) to enhance operational efficiency at the plant, which resulted in an increase in overall installed capacity. Simultaneously, due to rising demand for caps, the overall utilization level remained stable. Currently in the pipeline is the import of three machines for 250-liter drums, 10-liter containers, and 0.7-liter triple-layer containers, expected to be installed by June 2026. This will further increase overall capacity to meet growing demand. Total capex is estimated at PKR 600mn. The total power requirement is 4 MW, which is largely supplied by the K-Electric grid. Solar energy currently covers around 5% of the total requirement.

## SALES MIX

Product (PKR Mn)	FY23	FY24	FY25
Coex	2.5%	1.3%	1.4%
Mono	93.4%	94.8%	92.4%
Caps	4.1%	3.9%	6.2%
<b>Total</b>	<b>8,137.1</b>	<b>10,152.5</b>	<b>9,680.8</b>
	FY23	FY24	FY25
<=1L	37.5%	29.8%	32.5%
2L-6L	25.7%	21.2%	21.6%
7L-30L	13.2%	9.7%	10.8%
210L-250L Drums	19.6%	35.3%	28.9%
Caps	4.1%	3.9%	6.2%
<b>Total</b>	<b>8,137.1</b>	<b>10,152.5</b>	<b>9,680.8</b>

All of CBM's sales are domestic, primarily comprising blow-moulded plastic containers and caps in various grades and sizes. Plastic containers account for approximately 93.8% of total revenue, while caps contribute 6.2%. The containers include Coex (multi-layered) and Mono (single-layered) products. In volumetric terms, CBM recorded an increase in sales, driven largely by rising demand for caps. Customer concentration remains high with top ten customers contributing 85.7% of revenues in FY25 (FY24: 83.8%). CBM maintains long-term contracts with several leading petroleum-sector customers, including Chevron Pakistan (22.0%), Wafi Energy/Shell Pakistan (16.0%), Parco Gunvor/Total Parco (14.5%), Pakistan State Oil (4.8%), and Syngenta Pakistan (4.2%).

The long standing relationship with these customers mitigates concentration risk to a considerable extent.

Additionally, growing demand for ethanol presents a new opportunity. While ethanol was previously supplied in bulk, sugar mills are increasingly shifting to drums for distribution, which is expected to drive higher sales of CBM's drum products.

### PROFITABILITY

Despite a volumetric increase in sales, sales value declined by 4.7% to PKR 9,680.9mn (FY24: PKR 10,152.5mn) during FY25, primarily due to lower raw material prices. As the Company operates on a fixed-margin model, selling prices were adjusted downward accordingly. Gross margin remained stable at 10.3% in FY25. Moreover, the operating costs increased on account of increase salaries during FY25. Furthermore, other income declined primarily due to a decline in profit on term deposits. Simultaneously, other charges also declined mainly due to one-off charges in the preceding year. Furthermore, significant decrease in finance costs owing to lower interest rates and reduced borrowing levels in FY25, resulted in an improvement in the net profit to PKR 111.5mn (FY24: PKR 101.7mn), translating into a net margin of 1.2% (FY24: 1.0%). Going forward, the Company has been approved by to provide in house manufactured caps which previously were imported. This is expected to add to sales and contribute positively towards margin enlargement, pushing overall profitability of the company up. In addition, with the new machines coming in, Company is expecting additional drum and container sales to boost.

## Financial Risk

### CAPITAL STRUCTURE

Historically, CBM's capital structure has been relatively leveraged, with elevated gearing and leverage ratios. Over the years, however, the Company has successfully strengthened its financial profile, reflecting improved capital management and sustained profitability.

Borrowings have modestly increased while equity has strengthened to PKR 1.6bn (June 2024: PKR 1.5bn) through sustained profits. This improvement in the capital base contributed to a decline in gearing to 1.41x (June 2024: 1.65x) and leverage to 2.39x (June 2024: 2.87x). Looking ahead, CBM has planned capital expenditure of approximately PKR 600 mn, to be financed through 75% debt and 25% internal equity. Despite the additional borrowing, gearing and leverage are expected to remain broadly stable, underpinned by equity growth driven by higher sales volumes.

### DEBT COVERAGE & LIQUIDITY

The Company's coverage profile remains adequate with Debt Service Coverage Ratio (DSCR) at 1.33x (FY24: 1.71x). Funds from Operations (FFO) coverages also remain sound with FFO to LTD at 74%. Liquidity metrics also stand adequate with Liquidity metrics remain adequate, supported by a five-year average current ratio of 1.06x. As of June 2025, short-term debt coverage stood at 1.48x (FY24: 1.47x). However, the cash conversion cycle lengthened to 91 days (FY24: 81 days), driven by a prolonged receivables collection period and a shortened payables cycle.

Financial Summary	(PKR Mn)		
	FY23A	FY24A	FY25A
<b>Balance Sheet</b>			
Property, plant and equipment	1,597.08	1,730.82	1,829.58
Intangible Assets	0.12	0.09	0.07
Stock-in-trade	1,594.45	1,552.60	1,149.69
Trade debts	1,208.85	1,381.14	1,483.37
Short-term Investments	128.89	36.39	0.00
Cash & Bank Balances	276.99	373.06	201.40
Other Assets	607.28	704.83	742.56
<b>Total Assets</b>	<b>5,413.66</b>	<b>5,778.93</b>	<b>5,406.67</b>
Creditors	739.85	708.75	237.33
Long-term Debt (incl. current portion)	229.60	377.34	407.93
Short-Term Borrowings	2,109.87	2,035.96	1,795.80
<b>Total Debt</b>	<b>2,339.47</b>	<b>2,413.30</b>	<b>2,203.73</b>
Other Liabilities	943.27	1,074.94	1,293.11
<b>Total Liabilities</b>	<b>4,022.59</b>	<b>4,196.99</b>	<b>3,734.17</b>
Paid up Capital	150.00	150.00	150.00
Revenue Reserve	1,228.68	1,311.22	1,415.08
<b>Equity (excl. Revaluation Surplus)</b>	<b>1,378.68</b>	<b>1,461.22</b>	<b>1,565.08</b>
<b>Income Statement</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>
Net Sales	8,137.13	10,152.54	9,680.79
Gross Profit	902.27	1,040.91	993.38
Operating Profit	658.34	733.45	666.52
Finance Costs	473.92	550.39	462.01
Profit Before Tax	162.29	219.60	224.79
Profit After Tax	106.91	101.68	111.53
<b>Ratio Analysis</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>
Gross Margin (%)	11.09%	10.25%	10.26%
Operating Margin (%)	7.82%	7.58%	7.09%
Net Margin (%)	1.31%	1.00%	1.15%
Funds from Operation (FFO) (PKR Mn)	469.78	505.15	303.39
FFO to Total Debt* (%)	20.08%	20.93%	13.77%
FFO to Long Term Debt* (%)	204.61%	133.87%	74.37%
Gearing (x)	1.70	1.65	1.41
Leverage (x)	2.92	2.87	2.39
Debt Servicing Coverage Ratio* (x)	1.76	1.71	1.33
Current Ratio (x)	1.03	1.11	1.14
(Stock in trade + trade debts) / STD (x)	1.35	1.47	1.48
Return on Average Assets* (%)	1.99%	1.82%	1.99%
Return on Average Equity* (%)	8.01%	7.16%	7.37%
Cash Conversion Cycle (days)	109.78	80.58	90.89
*Annualized, if required			
A - Actual Accounts			
P - Projected Accounts			
M - Management Accounts			

## REGULATORY DISCLOSURES

## Appendix I

Name of Rated Entity	CBM Plastics (Pvt.) Limited				
Sector	Plastic Packaging				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	12-Feb-2026	A-	A2	Stable	Upgrade
	22-Nov-2024	BBB+	A2	Positive	Maintained
	21-Dec-2023	BBB+	A2	Stable	Reaffirmed
	14-Nov-2022	BBB+	A2	Stable	Reaffirmed
	05-Oct-2021	BBB+	A2	Stable	Reaffirmed
	06-Oct-2020	BBB+	A2	Stable	Reaffirmed
	13-Nov-2019	BBB+	A2	Stable	Initial
Instrument Structure	N/A				
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.				
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Due Diligence Meeting Conducted	Name	Designation		Date	
	Mr. Iftikhar Hussain	Chief Executive Officer		7th January 2026	
	Mr. Nadeem Rasool	GM Finance & Operations			
	Mr. Asif Hussain	Manager Operations			
	Mr. Abdul Basit	Accounts Manager			