

## INTERNATIONAL PACKAGING FILMS LIMITED

### Analysts:

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### RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A1	A	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	February 16, 2026		December 09, 2024	

### Shareholding (5% or More)

Mr. Naveed Godil - 13.14%
Mr. Mushtaq Ali Tejani - 8.48%
Mr. Taimoor Iqbal - 7.21%
Mr. Arsalan Pirani - 5.07%

### Other Information

Incorporated in 2015
Public Limited Company
Chief Executive Officer: Mr. Naved Godil
External Auditor: PWC A.F. Ferguson & Co.

### 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

The assigned ratings reflect IPAK's established market position in the BOPP films segment, supported by a diversified customer base and long-standing relationships with leading FMCG players. While topline growth has remained subdued, the Group's scale, market presence, operational synergies, and efficiency initiatives are expected to support revenue growth and profitability over the medium term. Debt servicing capacity remains adequate, and the capitalization profile is assessed as conservative. The ratings also factor in the medium-to-high business risk inherent in the packaging sector, characterized by earnings volatility due to reliance on imported raw materials, exposure to global polymer price and exchange rate fluctuations, and an intensely competitive operating environment.

However, the Parent's financial risk profile reflects sizable investments in subsidiaries amounting to approximately Rs. 14 billion, undertaken to expand overall group capacity. These investments were funded through a combination of equity, long-term financing, and accumulated profits.

Notwithstanding the long-term nature of the funding mix, short-term liquidity indicators were impacted during the expansion phase, partly due to timing differences between capital deployment and the realization of associated cash flow benefits. As subsidiary operations stabilize, improving profitability and cash flow contribution will remain important to strengthen the Parent's standalone liquidity profile and financial metrics.

## Company Profile

International Packaging Films Limited ('IPAK' or 'the Company') was incorporated as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 2, 2015, located in Sindh, Pakistan. The Company's status was converted to a public limited company on June 11, 2021, and subsequently listed on the Pakistan Stock Exchange on June 3, 2024. The Company is primarily involved in the production and sale of flexible packaging materials, including BOPP (Biaxially-oriented Polypropylene) films and related products, and commenced commercial operations in September 2017. The registered office is located at Plot No. 40-L-1, P.E.C.H.S., Block 6, near Jason Trade Centre, Karachi, Sindh, while the manufacturing plant is situated at IPAK Plant, Manga Chowk, Raiwind, Bypass Road, Raiwind district, Lahore Punjab.

### Subsidiaries of IPAK

IPAK has established four subsidiaries, including three locally incorporated entities to provide a comprehensive range of flexible packaging films. Collectively, the local subsidiaries offer an installed capacity of 111,300 tons per annum and are currently operational.

The fourth subsidiary, IPAK Connect (UAE), has been established to facilitate export growth by entering new markets and onboarding new customers.

Subsidiaries	Product Type	Ownership
Global Packaging Films (Private) Limited (GPAK)	Biaxially-Oriented Polypropylene (BOPP)	100%
PETPAK Films (Private) Limited	Biaxially-Oriented Polyethylene Terephthalate (BOPET)	52%
Cast Packaging Films (Private) Limited	Cast Polypropylene (CPP)	100%
IPAK Connect Packaging Materials Trading - FZCO	BOPP/BOPET/ CPP	100%

Associate group companies with reference to common shareholders include Universal Packaging (Pvt) Limited, Universal Carton Industries LLC, Saima Packaging (Pvt) Limited, Sunridge Foods (Pvt) Limited, 14th Street Pizza, and Dazzle Diamon Jewellery.

## Management and Governance

The Company's shareholding is diversified with approximately 30% free float available in the public market with the largest stake held by Mr. Naveed Godil, who also leads the management team as Chief Executive Officer of International Packaging Films Limited (IPAK). Other key shareholders include Mr. Mushtaq Ali Tejani, Mr. Aftab Zahoor Raja, Mr. Taimoor Iqbal, and Mr. Arsalan Pirani.

IPAK is governed by a ten-member Board of Directors comprising sponsor directors and two independent directors, Mr. Saad Amanullah and Mr. Sarfaraz A. Rahman, both seasoned corporate professionals. The Board is supported by two board-level committees, the Audit Committee and the Human Resource & Remuneration (HR&R) Committee, each chaired by an independent director, strengthening oversight and governance.

During the year, the Board met five times with active participation from members, while the Audit Committee and HR&R Committee held four and three meetings, respectively, reflecting regular engagement in governance and oversight matters.

### IT INFRASTRUCTURE / CERTIFICATIONS:

The Company has recently upgraded its digital infrastructure through the successful implementation of SAP S/4HANA, across all entities and implementation of Credit management system. This has enabled a unified platform for real-time visibility, stronger financial governance, and improved decision-making. To complement this, an IT service management, Manage Engine Service Desk Plus 14.1 has been deployed, enhancing SAP support and service management. Additional initiatives included securing SAP connectivity via cloud solutions and centralizing IT infrastructure across all entities. Going forward, the Company plans to expand its cloud infrastructure and adopt advanced analytics, AI integration, and robotic process automation to further enhance efficiency, security, and competitiveness.

## Business Risk

## INDUSTRY

The packaging industry in Pakistan is assessed as high to medium risk, marked by strong demand drivers but significant cost-side vulnerabilities. Demand is primarily supported by the FMCG, food, beverage, and pharmaceutical sectors, which continue to grow in line with rising population, urbanization, and consumer preference for branded products. Flexible packaging, in particular, has gained traction due to cost efficiency, adaptability and suitability for modern retail and e-commerce channels.

The industry is predominantly served by local manufacturers, namely Tri-Pack Films and IPAK that account for 70-80% of the market, with domestically produced BOPP films fulfilling the bulk of demand, while imports and grey-market supplies have receded amid tighter regulatory enforcement. However, installed local saleable capacity of approximately 160,000 tons significantly exceeds estimated demand of around 78,000 tons, resulting in a supply overhang. This imbalance has increased competition, particularly among medium-sized players, constraining pricing power despite steady volume growth.

At the same time, the sector remains exposed to input cost and exchange rate volatility due to its reliance on imported raw materials. Consequently, while demand fundamentals remain resilient, profitability is susceptible to external cost shocks. Industry participants with larger scale, efficient cost structures, technological strength, and diversified client bases are better positioned to withstand these pressures and sustain performance.

## OPERATIONAL UPDATE:

The Company operates a production facility in Lahore equipped with five-layer co-extrusion technology and a working width of 8,700 mm. During FY25, production declined to 27,521 T (FY24: 28,809 T), resulting in a capacity utilization rate of ~67% (FY24: ~70%) against an installed capacity of 41,360 T. The decline is primarily attributed to the Company's strategic decision to focus on high-value specialized films, as opposed to the higher volumes of commodity films produced in previous years. Going forward, the Company's established customer base, including FMCG clients, along with efforts to expand exports through its subsidiary IPAK Connect, is expected to further increase production levels.

Plant Capacity and Production (Printing)	FY24	FY25	3MFY25	3MFY26
Production Capacity (Tons)	41,360	41,360	10,340	10,340
Actual Production (Tons)	28,809	27,521	7,145	5,646
Capacity Utilization	69.65%	66.54%	69.10%	54.60%

On a consolidated basis, the Group has a nameplate capacity of 100,840 tons p.a. of BOPP, 9,900 tons p.a. of CPP, and 41,920 tons p.a. of BOPET. The operational capacities are 70,000 tons p.a., 8,000 tons p.a., and 35,000 tons p.a., respectively. The annualized utilization rates for the period are 67%, 90%, and 46%, respectively.

## ESG - Sustainability

During the year, the Group made meaningful progress toward its sustainability objectives across multiple fronts. In the area of energy and emissions, over 28,900 MMBTU of energy was recovered through waste heat recovery initiatives, resulting in the avoidance of nearly 1,700 tons of CO emissions, while solar energy projects at IPAK, PETPAK, and GPAK were also initiated to further reduce reliance on conventional energy sources. Water conservation efforts were strengthened through comprehensive monitoring and reuse initiatives across all sites, leading to annual savings exceeding 105,000 cubic meters of water. On the circular economy and product innovation front, the Group secured ISCC Plus certification and advanced the development of sustainable packaging solutions, which were recognized at the SDPI Sustainability Awards 2024. Additionally, the Group contributed to social sustainability by participating in Climate2Equal Pakistan, supporting greater gender inclusion within climate-focused strategies.

## PROFITABILITY:

Following a consistent growth trend in topline from FY19 to FY24, the Company's revenue trajectory flattened in FY25, with net sales declining to PKR 15.6b (FY24: PKR 17.1b). The contraction was largely driven by a decrease in local sales to PKR 10.8b (FY24: PKR 15.2b), reflecting softer selling prices and reduced volumetric offtake, with certain orders redirected to the subsidiary, Global Packaging (Pvt.) Limited, as part of the Company's efficiency optimization strategy. On a combined basis, sales of BOPP films by the Company and its subsidiary GPAK increased by 40% over last year, underscoring the Group's strong and sustained presence in this category. Conversely, export sales rose notably to PKR 4.7b (FY24: PKR 1.9b), supported by the Company's strategic focus on expanding exports to hedge import exposure and diversify its market base.

In 3MFY26, net sales amounted to PKR 2.9b (3MFY25: PKR 3.4b), largely due to a decline in export sales. Domestic sales revenue, however, increased during the period, as better pricing offset lower sales volume resulting from the redirection of certain orders to the subsidiary.

With a higher share of revenue from exports, gross margins were impacted, given the generally lower margins in export markets due to intense international competition. Consequently, gross margins declined to 18.56% in FY25 (FY24: 23.80%), weighing on net margins, which came in at 5.47% (FY24: 7.43%). In 3MFY26, gross margins improved to 21.77%, supported by a lower export share and enhanced operational efficiency. Lower finance costs during the period further contributed to the increase in net margins, which rose to 6.19%.

Going forward, the Company's market standing, along with its resilient customer base, is expected to support topline growth. Profitability is expected to remain supported by the operational efficiencies implemented during FY25, as well as lower custom duties.

## Financial Risk

### CAPITAL STRUCTURE

The Company's capitalization profile remains conservative, underpinned by a strengthening equity base and prudent financial management. Equity increased to PKR 15.0 billion as at September 30, 2025, primarily on the back of sustained profit retention, providing a stronger capital cushion. Capital expenditure has largely been funded through internal cash flows and equity, with minimal reliance on long-term debt, reflecting a cautious approach to leverage.

Gearing and leverage ratios have shown marginal improvement, standing at 0.47x and 0.76x, respectively, as at September 30, 2025 (June 30, 2025: 0.53x and 0.82x; June 30, 2024: 0.47x and 0.81x). The improvement is mainly attributable to a reduction in overall debt levels. The debt profile is predominantly composed of short-term borrowings utilized for working capital support. With no major capacity expansion planned in the near term, capitalization indicators are expected to remain broadly stable. Continued maintenance of this conservative capital structure remains important for the assigned ratings.

### DEBT COVERAGE & LIQUIDITY

Liquidity indicators moderated amid lower profitability at International Packaging primarily due to an increased focus on expanding the Company's global footprint, with DSCR declining to 1.00x as at June 30, 2025, before recovering modestly to 1.14x by September 30, 2025 (June 30, 2024: 1.33x). The ratings, however, take comfort from the combined DSCR (GPAK and IPAK) of approximately 1.25x, given that business volumes were strategically managed to maximize operational efficiencies.

Short-term debt coverage remained adequate at 1.17x as at September 30, 2025. Notwithstanding this, the liquidity profile remains constrained due to sustained investments in subsidiaries resulting in a four-fold increase in overall group capacity in which has kept the current ratio below 1.0x. Management expects cash flow generation to improve with all subsidiaries now operational.

Additionally, industry-wide supply overhang and inflationary pressures have led to a relaxation in credit terms, elongating the working capital cycle. Timely execution of management plans and improvement in short term liquidity metrics remains important from a rating perspective

Financial Summary (Unconsolidated)	Appendix I			
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Property, plant and equipment	2,520.51	2,345.29	2,230.53	2,269.53
Right-of-use Assets	36.67	12.25	5.37	3.65
Intangible Assets	61.12	54.38	53.65	52.26
Long-term Investments	11,168.24	13,853.02	13,951.22	13,952.90
Stock-in-trade	2,588.71	2,357.95	1,968.92	2,795.97
Trade debts	2,474.72	3,431.80	4,870.54	3,280.15
Short-term Investments	0.00	0.00	0.00	0.00
Cash & Bank Balances	162.62	80.75	321.81	210.89
Other Assets	506.37	3,134.90	3,634.61	3,912.12
<b>Total Assets</b>	<b>19,518.96</b>	<b>25,270.34</b>	<b>27,036.65</b>	<b>26,477.47</b>
Creditors	2,334.78	2,334.78	2,417.82	2,267.99
Long-term Debt (incl. current portion)	1,951.66	2,278.51	1,716.26	1,565.93
Short-Term Borrowings	2,845.54	4,335.87	6,178.75	5,509.54
<b>Total Debt</b>	<b>4,797.20</b>	<b>6,614.38</b>	<b>7,895.01</b>	<b>7,075.47</b>
Other Liabilities	1,347.31	2,329.48	1,880.22	2,107.80
<b>Total Liabilities</b>	<b>8,479.29</b>	<b>11,278.64</b>	<b>12,193.05</b>	<b>11,451.26</b>
Paid up Capital	6,300.95	7,002.00	7,002.00	7,002.00
Revenue Reserve	3,251.14	1,259.99	2,111.87	2,294.48
Other Equity (excl. Revaluation Surplus)	1,487.57	5,729.72	5,729.72	5,729.72
Sponsor Loan	0.00	0.00	0.00	0.00
<b>Equity (excl. Revaluation Surplus)</b>	<b>11,039.66</b>	<b>13,991.71</b>	<b>14,843.59</b>	<b>15,026.20</b>

Income Statement (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Net Sales	16,617.71	17,088.89	15,564.54	2,948.08
Gross Profit	4,531.56	4,067.78	2,889.46	641.75
Operating Profit	3,823.00	3,488.94	2,603.80	574.98
Finance Costs	632.59	1,527.18	1,321.06	239.86
Profit Before Tax	3,190.41	1,961.76	1,282.74	335.12
Profit After Tax	2,082.04	1,269.47	851.00	182.61

Ratio Analysis	FY23A	FY24A	FY25A	3MFY26M
Gross Margin (%)	27.27%	23.80%	18.56%	21.77%
Operating Margin (%)	23.01%	20.42%	16.73%	19.50%
Net Margin (%)	12.53%	7.43%	5.47%	6.19%
Funds from Operation (FFO) (PKR Millions)	3,490.68	1,328.36	579.19	174.50
FFO to Total Debt* (%)	72.76%	20.08%	7.34%	9.87%
FFO to Long Term Debt* (%)	178.86%	58.30%	33.75%	44.57%
Gearing (x)	0.43	0.47	0.53	0.47
Leverage (x)	0.77	0.81	0.82	0.76
Debt Servicing Coverage Ratio* (x)	5.69	1.33	1.00	1.14
Current Ratio (x)	0.95	0.76	0.87	0.89
(Stock in trade + trade debts) / STD (x)	1.87	1.40	1.17	1.17
Return on Average Assets* (%)	12.63%	5.67%	3.25%	2.73%
Return on Average Equity* (%)	23.38%	10.14%	5.90%	4.89%
Cash Conversion Cycle (days)	69.41	66.96	91.22	127.71

\*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

Financial Summary (Consolidated)					
Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	FY25A	3MFY26M
Property, plant and equipment	9,525.27	20,584.80	27,318.48	27,072.60	26,928.77
Right-of-use Assets	13.20	36.67	12.25	5.37	3.65
Intangible Assets	17.24	61.11	55.15	55.13	53.69
Long-term Investments	0.00	0.00	0.00	0.00	0.00
Stock-in-trade	2,393.49	3,193.20	4,532.24	5,137.93	5,551.69
Trade debts	2,265.17	3,348.65	5,788.94	7,761.86	9,161.40
Short-term Investments	0.00	0.00	0.00	0.00	0.00
Cash & Bank Balances	226.24	333.14	245.92	770.97	774.42
Other Assets	1,563.56	1,068.72	2,115.78	2,820.51	3,251.12
<b>Total Assets</b>	<b>16,004.17</b>	<b>28,626.29</b>	<b>40,068.76</b>	<b>43,624.37</b>	<b>45,724.74</b>
Creditors	1,094.67	3,410.01	7,355.54	6,771.79	6,284.74
Long-term Debt (incl. current portion)	697.26	3,074.84	3,928.61	5,414.91	5,469.72
Short-Term Borrowings	2,467.61	3,261.15	5,851.48	9,384.87	10,393.14
<b>Total Debt</b>	<b>3,164.87</b>	<b>6,335.99</b>	<b>9,780.09</b>	<b>14,799.78</b>	<b>15,862.86</b>
Other Liabilities	2,613.34	4,769.60	7,390.62	5,581.29	6,260.03
<b>Total Liabilities</b>	<b>6,872.88</b>	<b>14,515.60</b>	<b>24,526.25</b>	<b>27,152.86</b>	<b>28,407.63</b>
Paid up Capital	3,600.00	6,300.95	7,002.00	7,002.00	7,002.00
Revenue Reserve	3,641.43	6,322.19	2,810.78	3,739.80	4,585.40
Other Equity (excl. Revaluation Surplus)	0.00	1,487.57	5,729.72	5,729.72	5,729.72
Sponsor Loan	0.00	0.00	0.00	0.00	0.00
<b>Equity (excl. Revaluation Surplus)</b>	<b>7,241.43</b>	<b>14,110.71</b>	<b>15,542.50</b>	<b>16,471.52</b>	<b>17,317.12</b>

Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25A	3MFY26M
Net Sales	13,073.91	19,890.34	22,834.74	34,368.83	10,190.75
Gross Profit	2,517.59	5,480.74	4,671.68	4,994.17	1,763.81
Operating Profit	1,656.28	3,689.47	3,792.85	3,824.75	1,429.92
Finance Costs	172.01	753.16	1,815.12	2,219.00	504.26
Profit Before Tax	1,484.27	2,936.31	1,977.73	1,605.75	925.66
Profit After Tax	1,427.05	1,640.70	-570.90	664.04	704.27

Ratio Analysis	FY22A	FY23A	FY24A	FY25A	3MFY26M
Gross Margin (%)	19.26%	27.55%	20.46%	14.53%	17.31%
Operating Margin (%)	12.67%	18.55%	16.61%	11.13%	14.03%
Net Margin (%)	10.92%	8.25%	-2.50%	1.93%	6.91%
Funds from Operation (FFO) (PKR Millions)	1,814.66	3,496.17	1,614.13	1,846.75	984.91
FFO to Total Debt* (%)	57.34%	55.18%	16.50%	12.48%	24.84%
FFO to Long Term Debt* (%)	260.26%	113.70%	41.09%	34.10%	72.03%
Gearing (x)	0.44	0.45	0.63	0.90	0.92
Leverage (x)	0.95	1.03	1.58	1.65	1.64
Debt Servicing Coverage Ratio* (x)	9.06	4.67	1.24	1.14	2.04
Current Ratio (x)	1.37	0.99	0.70	0.85	0.93
(Stock in trade + trade debts) / STD (x)	1.97	2.09	1.82	1.43	1.47
Return on Average Assets* (%)	8.92%	7.35%	-1.66%	1.59%	6.31%
Return on Average Equity* (%)	19.71%	15.37%	-3.85%	4.15%	16.67%
Cash Conversion Cycle (days)	108.15	65.21	42.48	44.26	62.95

\*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

## REGULATORY DISCLOSURES Appendix II

<b>Name of Rated Entity</b>	International Packaging Films Limited				
<b>Sector</b>	Packaging				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Entity Ratings				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Short Term</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: ENTITY</b>				
	Feb-16-2026	A	A1	Stable	Reaffirmed
	Dec-09-2024	A	A1	Stable	Reaffirmed
	Oct-05-2023	A	A1	Stable	Reaffirmed
	Jun-30-2022	A	A1	Stable	Upgrade
	Feb-26-2021	A-	A2	Positive	Initial
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	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.				
<b>Probability of Default</b>	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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<b>Due Diligence Meetings Conducted</b>	<b>Name</b>		<b>Designation</b>		<b>Date</b>
	Mr. Abdul Razzak Chini		Group Head Treasury		December 08, 2025
	Mr. Syed Haris Salim		Chief Financial Officer		
	Mr. Waqas Younas		Group Manager Finance		
	Mr. Syed Mohammad Faisal Zafar		Senior Reporting Executive		