VIS
Credit Rating Company Limited

DRAFT RATING REPORT

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED

Analysts:
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RATING DETAILS		
RATINGS CATEGORY	Latest Rating	
	Long Term	Short Term
ENTITY	A-	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	January 21, 2026	

Shareholding (5% or More)	Other Information
International Packaging Films ~ 100%	Incorporated in 2024
	Private Limited Company
	Chief Executive Officer: Naveed 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

Assigned ratings reflect the Company's status as a newly operational subsidiary benefiting from strong parentage, operational synergies, and established market access in the BOPP films segment. The Company has demonstrated a rapid ramp-up in operations, with improving capacity utilization, robust revenue growth, and strengthening profitability during FY25 and 3MFY26, supported by higher volumetric offtake and improved cost absorption. Business risk is supported by favorable demand fundamentals for flexible packaging, though constrained by industry overcapacity, intense competition, and exposure to raw material and exchange-rate volatility. The financial risk profile is assessed as manageable, underpinned by a sizeable equity base and sound debt service coverage. Nonetheless, maintaining adequate liquidity will remain critical to manage early-stage operational challenges and meet elevated working-capital requirements as the business continues to stabilize.

Company Profile

Global Packaging Films (Private) Limited ('GPAK' or 'the Company') was incorporated in Pakistan as a private limited company and is domiciled in the province of Sindh. The Company is a wholly owned subsidiary of International Packaging Films Limited (the Holding Company) which holds 100% of the shareholding of the Company.

The Company is principally engaged in the manufacturing and sale of flexible packaging materials mainly comprising of BOPP (Biaxially-oriented Polypropylene) films and allied products of BOPP films packaging.

The Company commenced its commercial operations in June 2024. The geographical locations and addresses of the Company's business units, including plants are as under:

- The registered office of the Company is situated at 40-L-1, P.E.C.H.S., Block 6, near Jason Trade Centre, Karachi, Sindh.
- The manufacturing plant of the Company is situated at Plot No. 5D- 9D, Quaid-e Azam Business Park Special Economic Zone, Sheikhupura, Punjab.

The Company qualifies for a tax exemption under Clause 126 E of Part I of the Second Schedule of the Income Tax Ordinance, 2001 being a zone enterprise as defined in the Special Economic Zones Act, 2012.

Management and Governance

GPAK is a 100% owned subsidiary of IPAK which has a shareholding is distributed among five distinct business families, 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.

Given the parent close oversight and strategic alignment, the board size of the subsidiary remains limited to two members, with no independent representation. Additionally, the Company has a one board level committee, namely Audit Committee. Mr. Naved Godil serves as the Chief Executive Officer (CEO) of the Company.

Business Risk

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 Sheikhupura, Punjab, with an installed capacity of 59,480 T. During FY25, the first year of production 16,931 T (FY24: 2,248 T) of production was recorded. and improving capacity utilization, supported by operational synergies within the Group and the established market presence of its holding company in the BOPP segment. Going forward, capacity utilization is expected to improve gradually, given its initial phase of operations.

Plant Capacity and Production (Printing)	FY24	FY25
Production Capacity (Tons)	59,480	59,480
Actual Production (Tons)	2,248	16,931
Capacity Utilization	**3.78%**	**28.47%**

PROFITABILITY:

During the first year of full operations, Company recorded a topline of PKR 8.7b. This increase was largely driven by higher volumetric offtake, supported by favorable macroeconomic indicators. Local sales have dominated the revenue mix, accounting for ~74% of net sales, while export sales comprised ~24%. BOPP film is the flagship product of the Company, contributing 100% to the topline, reflective of a strong market presence in this category. Additionally, the Company's operations have benefited from operational and market synergies with its holding company, which provides strategic support, market access, and credibility in the BOPP films sector. The positive momentum in the Company's revenue persisted in 3MFY26, with the total revenue coming in at PKR 4.3b, reporting a strong growth of ~107% vis-à-vis corresponding period (3MFY25: PKR 2.1b).

As operations scaled up in FY25, gross margins recorded at 14.03%, primarily due to lower selling prices amid prevailing raw material price trends, along with operational inefficiencies typically observed during the ramp-up phase. Subsequently, margins improved to around 18% in 3MFY26, reflecting improved capacity utilization and better cost absorption. Net margins improved to 13.46% in 3MFY26.

Going forward, the Company is expected to benefit from the market position of its holding company, which supports order flow and business development for the subsidiary. Additionally, profitability is expected to remain supported by operational efficiencies implemented during FY25, alongside an increase in capacity utilization for improved cost absorption.

Financial Risk

CAPITAL STRUCTURE

Since commencing operations, the Company's capitalization profile has gradually evolved to support increasing scale of activities. Gearing and leverage indicators have trended upward, reaching 0.47x and 1.04x, respectively, as at September 30, 2025 (June 30, 2025: 0.34x and 0.97x; June 30, 2024: 0.18x and 0.74x). This increase is primarily driven by higher working-capital requirements in line with business ramp-up, with short-term borrowings rising to PKR 3.2 billion as at September 30, 2025 (June 30, 2025: PKR 1.8 billion; June 30, 2024: PKR 0.2 billion).

Despite the rising leverage typical of an early-stage operating phase, the Company's capitalization remains conservative, underpinned by a strong equity base of PKR 9.5 billion as at September 30, 2025 (June 30, 2025: PKR 8.8 billion; June 30, 2024: PKR 8.5 billion). Management has indicated no immediate plans for further capacity expansion, given existing industry overcapacity, which is expected to support balance-sheet stability. Sustaining prudent capitalization metrics will remain a key consideration for the assigned ratings as the Company continues to stabilize operations.

DEBT COVERAGE & LIQUIDITY

The Company's debt service coverage is considered sound, with the debt service coverage ratio (DSCR) recorded at 2.28x as at Sept 30, '25 (Jun 30, '25: 2.27x; Jun 30, '24: 0.67x). Short-term debt coverage also remained adequate at 1.52x as at Sept 30, '25 (Jun 30, '25: 1.51x; Jun 30, '24: 8.04x), indicating sufficient coverage of short-term obligations.

The Company's liquidity profile reflects some pressure, as evidenced by a current ratio below unity, primarily due to a balance sheet mismatch arising loans extended to associates for working capital support. Management has indicated plans to address this mismatch over the near term. The cash conversion cycle (CCC) remained negative in FY25, largely driven by elevated payable balances; however, this normalized in 3MFY26, with the CCC improving to around 4 days

Financial Summary — Appendix I

Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Property, plant and equipment	8,009.94	12,346.39	12,465.69	12,406.50
Right-of-use Assets	0.00	0.00	0.00	0.00
Intangible Assets	0.00	0.40	0.78	0.76
Long-term Investments	0.00	0.00	0.00	0.00
Stock-in-trade	0.00	700.05	1,755.75	1,118.68
Trade debts	0.00	815.09	902.45	3,681.44
Short-term Investments	0.00	0.00	0.00	0.00
Cash & Bank Balances	11.42	98.75	163.26	220.80
Other Assets	270.15	893.23	2,158.66	1,828.21
Total Assets	8,291.51	14,853.91	17,446.59	19,256.39
Creditors	503.20	2,881.84	2,899.56	3,450.31
Long-term Debt (incl. current portion)	1,096.07	1,312.42	1,261.04	1,212.27
Short-Term Borrowings	0.00	189.80	1,783.92	3,194.45
Total Debt	1,096.07	1,502.22	3,044.96	4,406.72
Other Liabilities	613.30	1,942.55	2,654.90	1,947.06
Total Liabilities	2,212.57	6,326.61	8,599.42	9,804.09
Paid up Capital	6,339.05	9,733.52	9,367.00	9,367.00
Revenue Reserve	-260.13	-1,206.21	-582.54	0.42
Other Equity (excl. Revaluation Surplus)	0.00	0.00	62.70	84.87
Sponsor Loan	0.00	0.00	62.70	84.87
Equity (excl. Revaluation Surplus)	6,078.92	8,527.31	8,847.16	9,452.29

Income Statement (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Net Sales	0.00	691.09	8,672.32	4,332.35
Gross Profit	0.00	138.18	1,216.95	787.08
Operating Profit	-248.94	114.83	1,149.41	752.73
Finance Costs	2.34	23.19	320.66	135.94
Profit Before Tax	-251.28	91.64	828.75	616.79
Profit After Tax	-251.28	-946.30	624.06	582.95

Ratio Analysis	FY23A	FY24A	FY25A	3MFY26M
Gross Margin (%)		19.99%	14.03%	18.17%
Operating Margin (%)		16.62%	13.25%	17.37%
Net Margin (%)		-136.93%	7.20%	13.46%
Funds from Operation (FFO) (PKR Millions)	-242.18	58.07	1,144.90	616.79
FFO to Total Debt* (%)	-22.10%	3.87%	37.60%	55.99%
FFO to Long Term Debt* (%)	-22.10%	4.42%	90.79%	203.52%
Gearing (x)	0.18	0.18	0.34	0.47
Leverage (x)	0.36	0.74	0.97	1.04
Debt Servicing Coverage Ratio* (x)	-3.97	0.67	2.27	2.88
Current Ratio (x)	0.48	0.75	0.84	0.96
(Stock in trade + trade debts) / STD (x)		8.04	1.51	1.52
Return on Average Assets* (%)	-3.03%	-8.18%	3.86%	12.71%
Return on Average Equity* (%)	-4.13%	-12.96%	7.18%	25.48%
Cash Conversion Cycle (days)	0.00	-670.99	-45.26	3.55

**Annualized, if required*

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

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<tr><th>REGULATORY DISCLOSURES</th><th>Appendix II</th></tr>
<tr><td>Name of Rated Entity</td><td>Global Packaging Films (Private) Limited</td></tr>
<tr><td>Sector</td><td>Packaging</td></tr>
<tr><td>Type of Relationship</td><td>Solicited</td></tr>
<tr><td>Purpose of Rating</td><td>Entity Ratings</td></tr>
<tr><td>Rating History</td><td>
<table>
<tr><th>Rating Date</th><th>Medium to Long Term</th><th>Short Term</th><th>Rating Outlook</th><th>Rating Action</th></tr>
<tr><td colspan="5">RATING TYPE: ENTITY</td></tr>
<tr><td>1/21/2026</td><td>A-</td><td>A2</td><td>Stable</td><td>Initial</td></tr>
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</td></tr>
<tr><td>Instrument Structure</td><td>N/A</td></tr>
<tr><td>Statement by the Rating Team</td><td>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.</td></tr>
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<tr><td>Due Diligence Meetings Conducted</td><td>
<table>
<tr><th>Name</th><th>Designation</th><th>Date</th></tr>
<tr><td>Mr. Abdul Razzak Chini</td><td>Group Head Treasury</td><td rowspan="4">December 08, 2025</td></tr>
<tr><td>Mr. Syed Haris Salim</td><td>Chief Financial Officer</td></tr>
<tr><td>Mr. Waqas Younas</td><td>Group Manager Finance</td></tr>
<tr><td>Mr. Syed Mohammad Faisal Zafar</td><td>Senior Rating Executive</td></tr>
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