



FOOD PRODUCTS

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Introduction

This Sector Study covers the Biscuits & Crackers, Confectionery Products, Snacks/Chips and Condiments segments. These segments are collectively referred to as the “Food Products” Sector.

Biscuits & Crackers

- Biscuit is a flour-based baked food product. It is defined as a small quick bread made from dough that has been rolled out and cut with a round cutter. Similarly, crackers are flat, dry crunchy biscuits, usually square-shaped, made from wheat flour and yeast.

Confectionery

- Confectionery food items include confections which are rich in sugar and carbohydrates. They are classified into two broad yet overlapping categories; bakers' confections and sugar confections.
- Bakers' confectionery, also called flour confections, includes principally sweet pastries, cakes, and similar baked items.
- Sugar confectionery includes candies/sweets, candied nuts, chocolates, chewing gum, bubble gum, and other confections that are made primarily of sugar.

Snacks/Chips

- The savory snack market is segmented as Crisps/Chips, Extruded Snacks, nuts & seeds, and popcorn.
- Given the rapid entry of new brands and growing urbanization, potato chips remain the consumer's favorite savory snack, especially among children and young adults.

Condiments

- Condiments include sauces, spices, or any preparation that is added to food, during cooking or eating, to impart/enhance the flavor, or to complement the dish.
- Condiments can either be simple (e.g. salt) or compound (e.g. sauces).

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Global | Overview

- **Biscuits & Crackers:** In CY25, the global market size for biscuits was recorded at USD~134.1Bn (CY24: USD~128.7Bn) a YoY increase of ~4.2%. The market is anticipated to reach USD~191.4Bn by CY34, with a CAGR of ~4.0% from CY25-34. Major players in this segment are Bahlsen GmbH & Co. KG, Britannia Industries Limited, ITC Limited, Lotus Bakeries Corporate, Mondelez International Inc. & Parle Products Pvt. Ltd among others.
- **Confectionery:** The estimated size of the world market for confectionery recorded at USD~198.2Bn in CY24 (CY23: USD~192.2Bn) a YoY increase of ~3.2%. Projections appear that the market will increase at a CAGR of ~2.9% from CY25-33, reaching a value of USD~266.0Bn by CY33.
- **Snacks/Chips:** The global potato chips market expanded from USD 28.03 Bn in 2025 to USD 29.28 Bn in 2026 and, with a projected CAGR of 5.73%, is estimated to reach USD 41.41 Bn by 2032. PEPSICO is one of the renowned names in this segment with its leading brand 'Lays'.
- **Condiments:** The global condiments market during CY25 clocked in at USD~100.4Bn (CY24: USD~94.9Bn) a YoY increase of ~5.8%, The projections state that the market will increase at a CAGR of ~6.5% for CY26-34 to USD~176.5 by CY34.

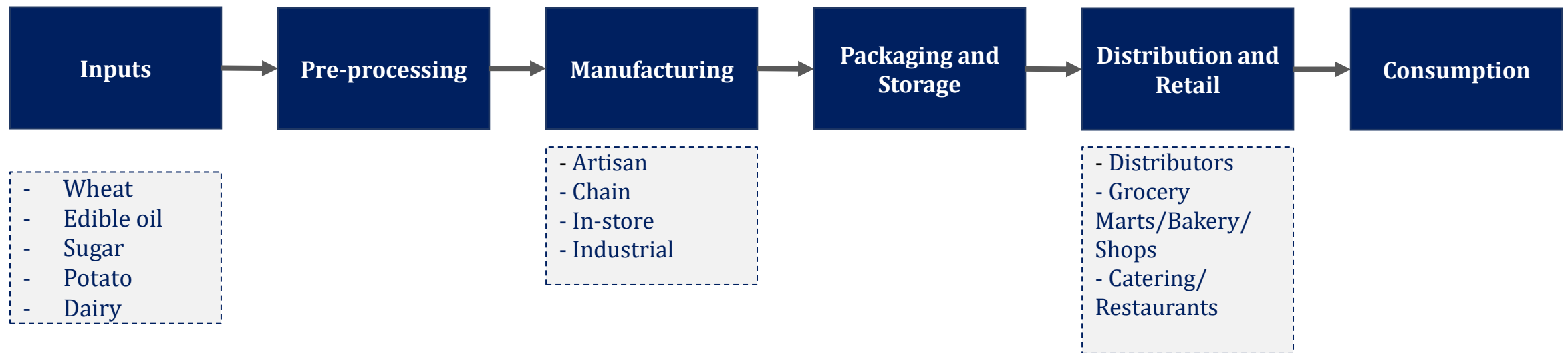


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Value Chain

Food products' value chain is relatively simple and broadly classified into six components:

- **Inputs:** Raw materials are procured and adequate inventory levels are maintained.
- **Pre-processing:** Raw materials are prepared (cut/peeled/kneaded] for manufacturing.
- **Manufacturing:** Semi-processed raw materials are converted into finished goods.
- **Packaging and Storage:** Finished goods are packed and stored.
- **Distribution and Retail:** Dispatch of finished goods to distributors, restaurants/catering, retail outlets, and stores.
- **Consumption:** The product is consumed by the final user.



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Product Portfolio

Biscuits & Cracker



Plain Biscuits



Sweet and Hard



High Fiber



Cream Biscuits



Cookies

Confectionery



Hard boiled sweets



Caramels & Toffees



Gums and Jellies



Mints



Chocolates



Cup Cakes/Mini Cakes

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Product Portfolio

Snacks



Crisps and Chips



Extruded Snacks



Nuts and Seeds



Popcorn

Condiments



Spices



Pickles



Seasonings

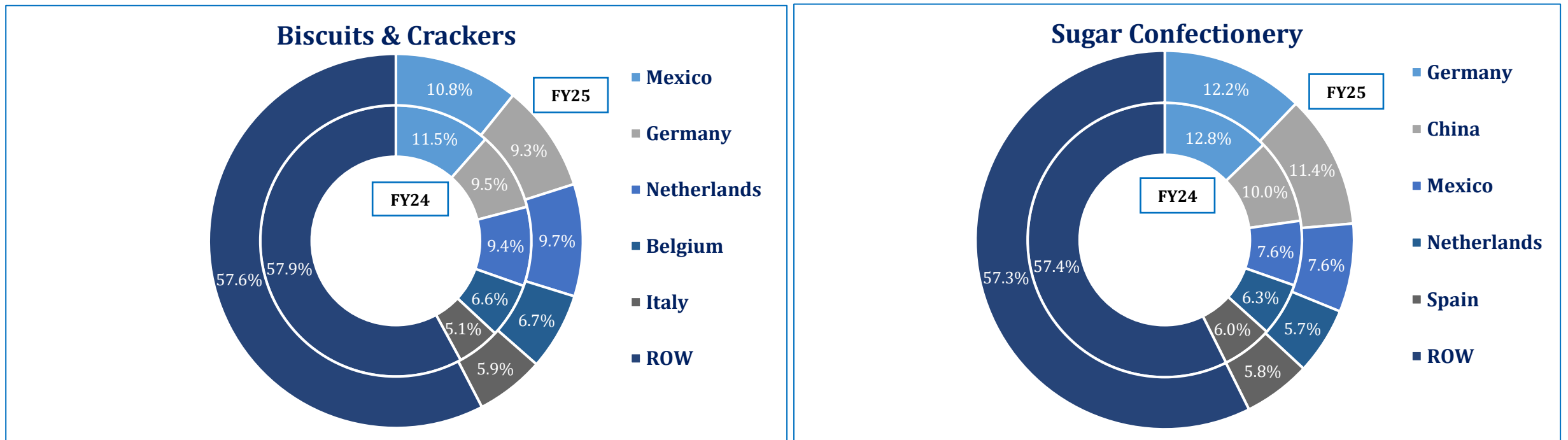


Sauces

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Global | Exports

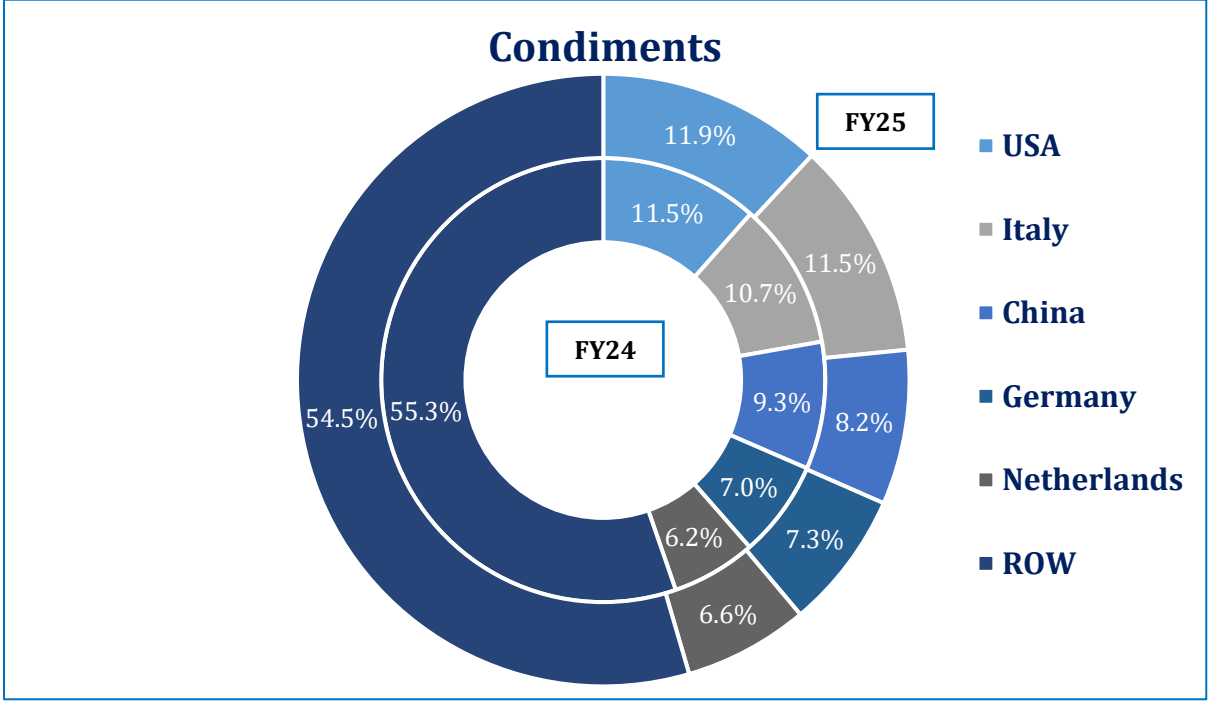
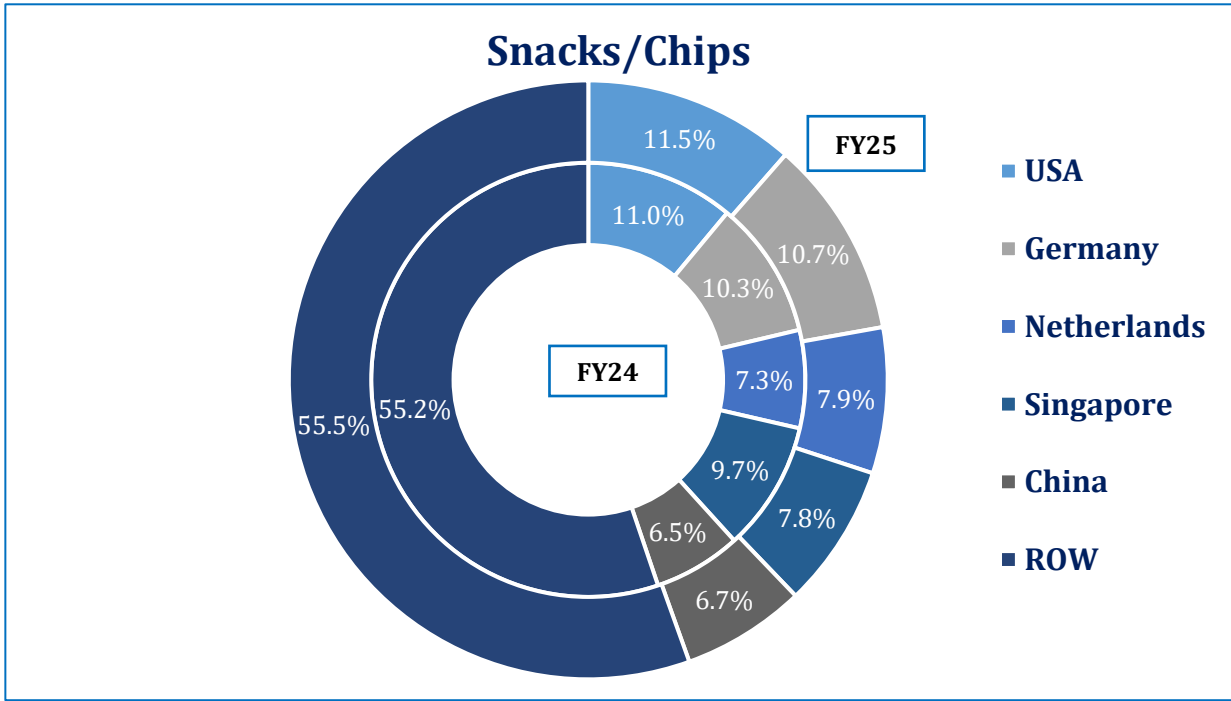
- During FY25, total export value of 'Biscuits and Crackers' segment stood at 12.0Bn (FY24: 11.3Bn), showing a ~6.0% YoY growth. Mexico was the largest exporter, as it is supported by strong industrial cookie and baked goods production with major manufacturers such as Grupo Bimbo and Gamesa (PepsiCo), and deep export integration (especially into the United States and other North American markets). It is followed by Germany & Netherlands, with three of them possessing a cumulative share of ~29.8% (FY24: ~30.4%).
- The total export value of Sugar Confectionaries amounted to USD~17.2Bn (FY24: USD~16.5Bn), a YoY growth of ~4.6%. Meanwhile, Germany led in the with a share of ~12.2% because of large, well-established manufacturing base, globally recognized brands (such as Haribo and Storck), strong quality reputation and competitive production. China & Mexico held shares of ~11.4% & ~7.6%, respectively.



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Global | Exports

- In FY25, the global export value of Snacks/Chips stood at USD~57.4Bn (FY24: USD~55.0Bn), a YoY growth of ~4.3%. USA held the highest share because of its large, export-oriented snack food industry (containing big players like PepsiCo). Its position still remains strong despite competitive pressures from rising producers in Asia and Europe. The top three global exporters (USA, Germany & Netherlands) held a cumulative share of ~30.1% (FY24: ~28.6%)
- During the period, the condiments exports increased by 0.3% YoY to record at USD~14.89Bn (FY24: USD~14.93Bn). USA led the condiments export segment as well with a share of ~11.9%, closely followed by Italy at ~11.5% and China at ~8.2%. The global share for the top three amounted ~31.6% (FY24: ~31.5%).



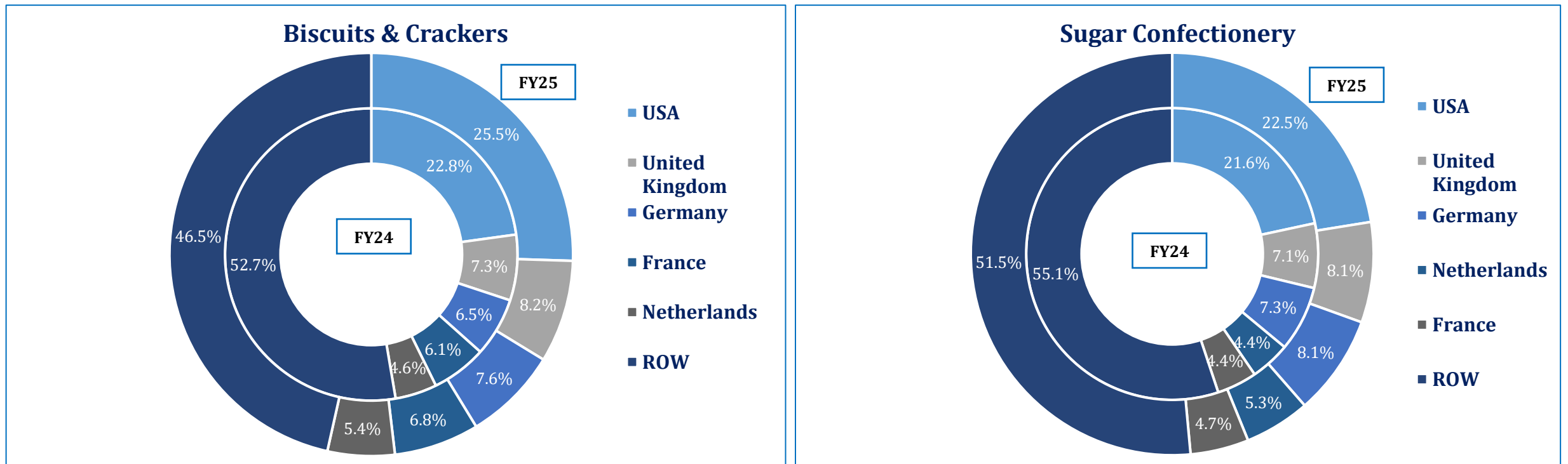
HS codes for Snacks & Chips (210690) and Condiments (210390).

Source: UN Comtrade

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Global | Imports

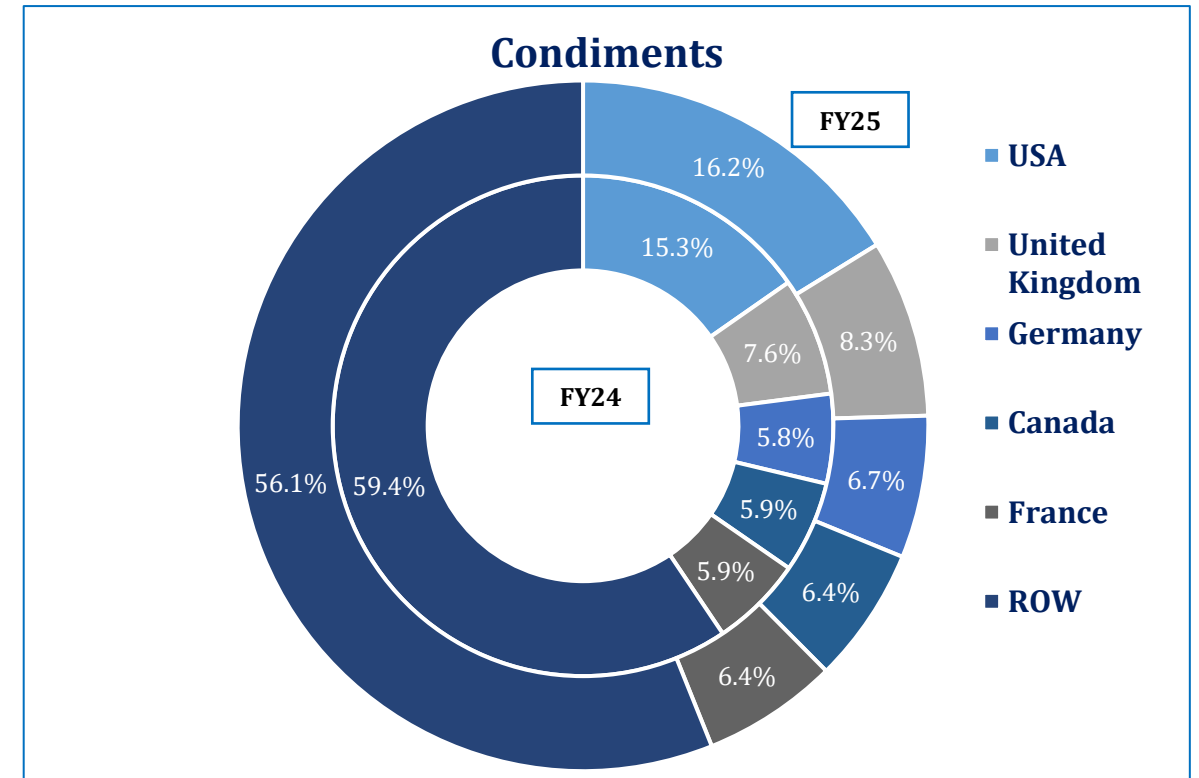
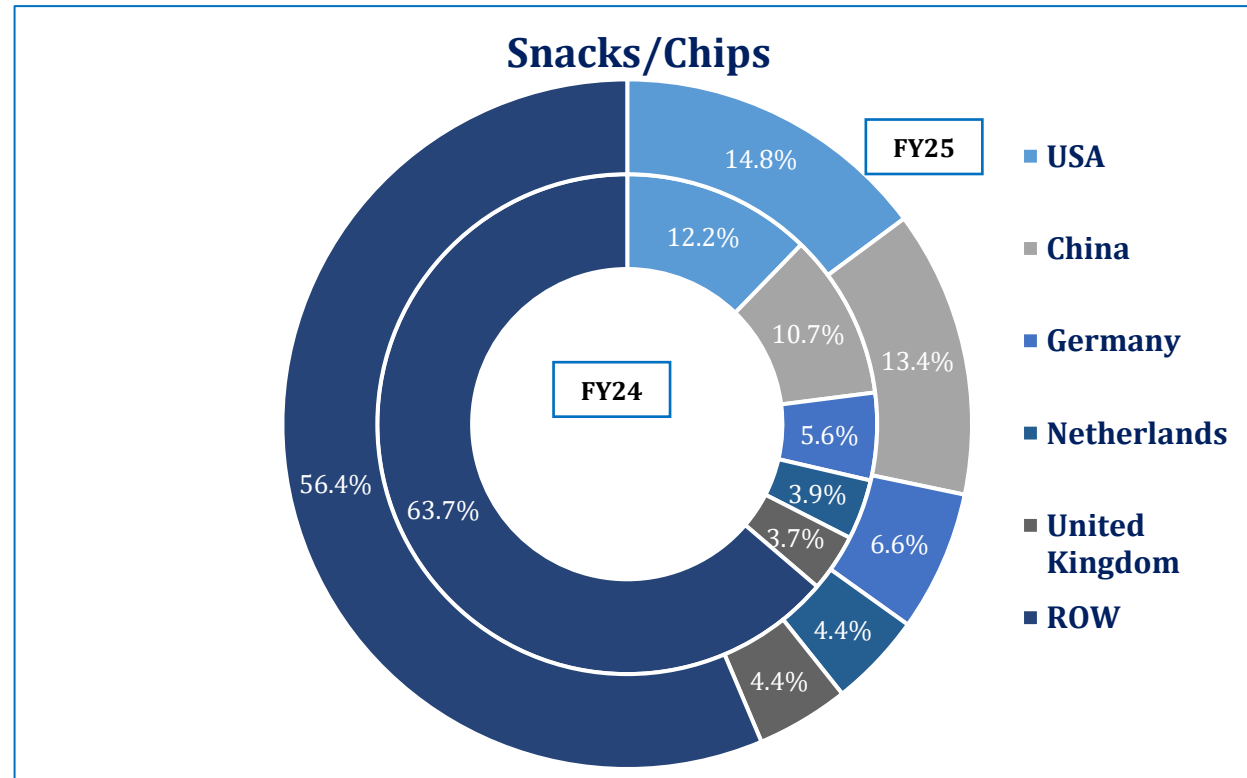
- The USA imports large volumes of biscuits, confectionery, snacks/chips, and condiments because US consumers demand greater variety, quality, and global flavors year-round driven by eating habits, ethnic diversity and retail expectations that cannot be fully met by domestic production alone. For FY25, the USA, United Kingdom and Germany remained the top importers of the Biscuits & Crackers segment with cumulative import share of ~41.3% (FY24: ~36.6%).
- Similarly, the USA, United Kingdom, and Germany also remained the top importers of Sugar Confectionery segments with a global import share of ~38.7% in FY25 (FY24:~36.0%).



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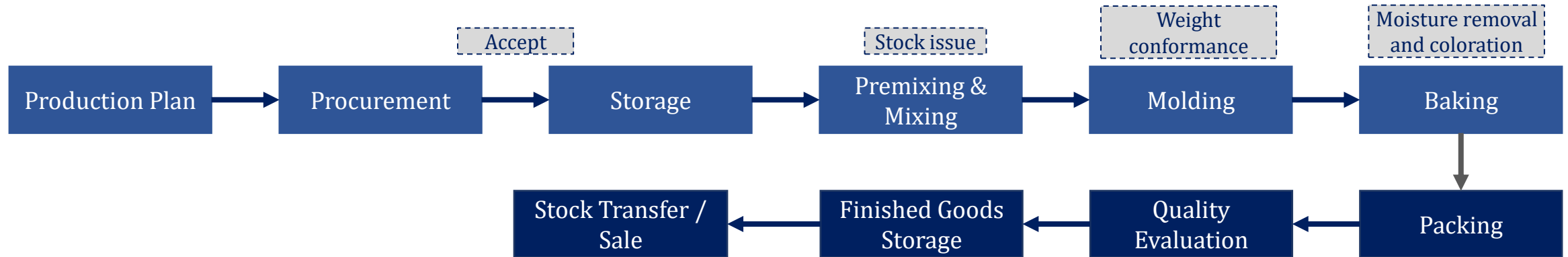
Global | Imports

- During FY25, the USA, China, and Germany remained the top importers of the Snacks/Chips segment in FY25 with a global cumulative import share of ~34.8% (FY24: ~28.5%).
- Meanwhile, the USA, UK, and France remained the top importers of condiment segments with a global import share of ~31.2% in FY25 (FY24: ~28.7%).



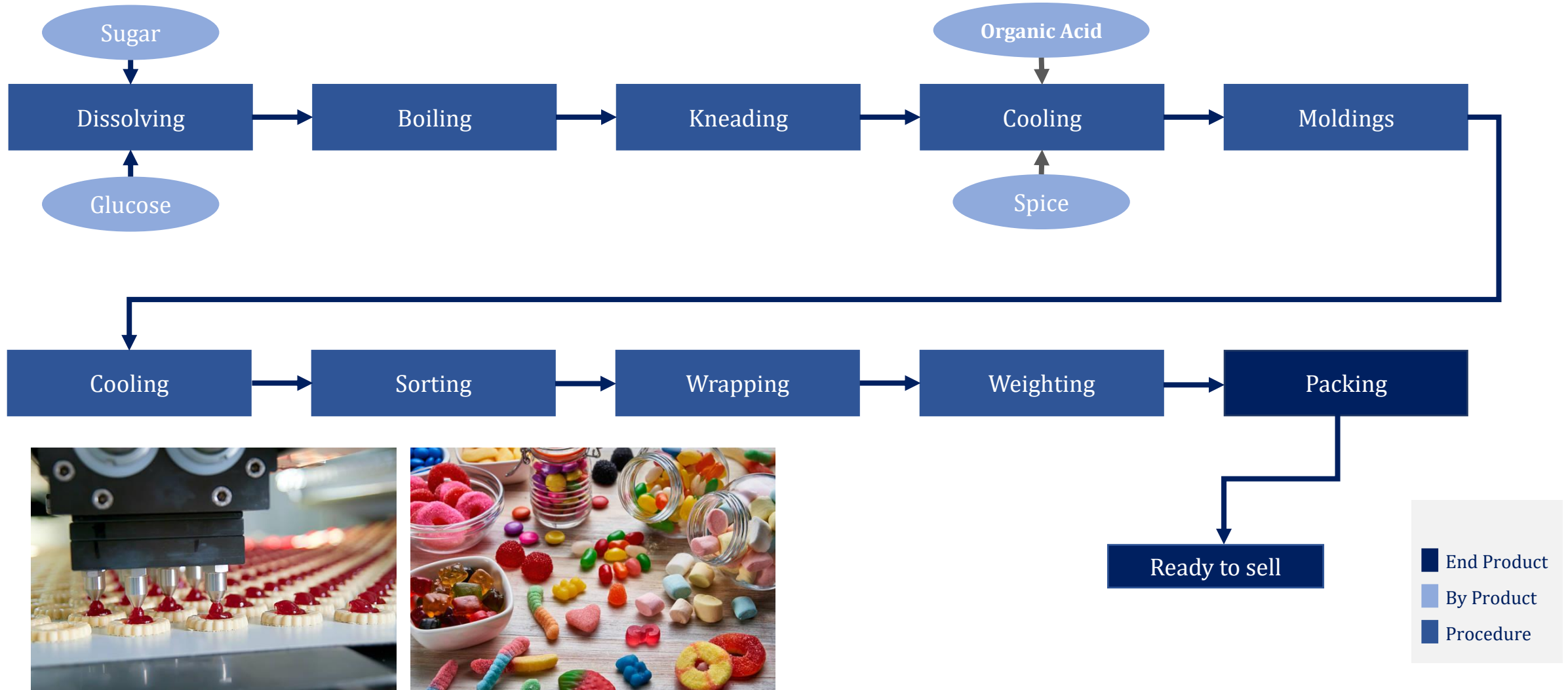
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Production | Biscuits & Crackers



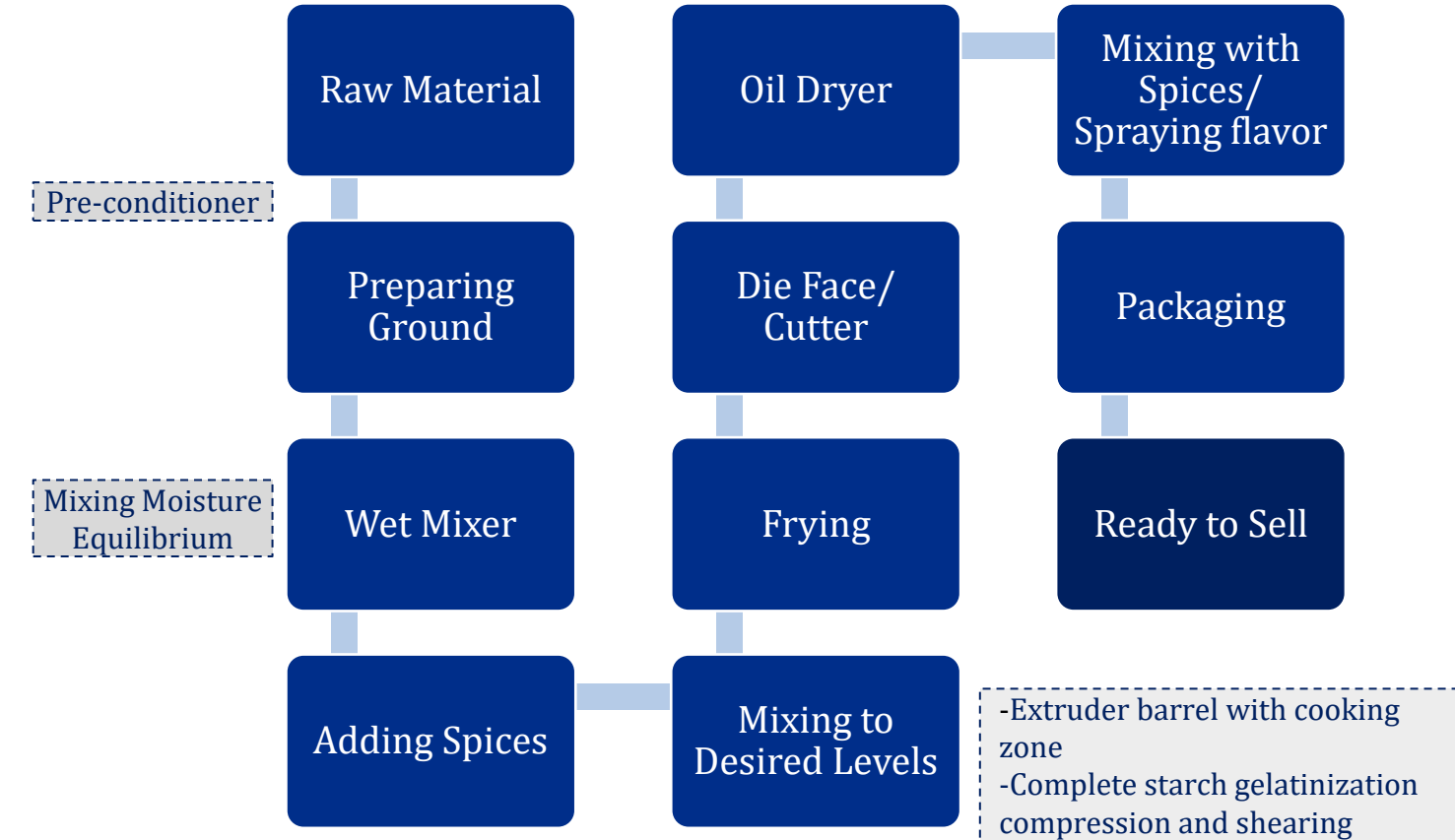
FOOD PRODUCTS

Production | Confectionery



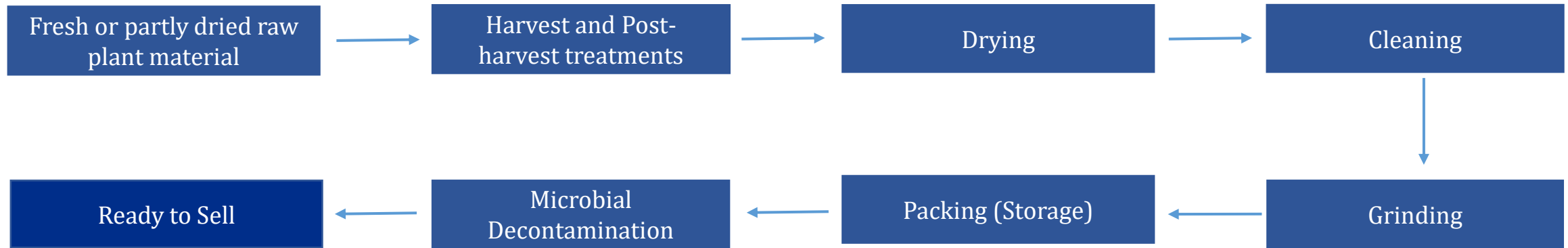
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Production | Snacks & Chips



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Production | Condiments



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Local | Overview

- The Sector’s production, comprising Biscuits & Crackers, Snacks/Chips, Confectionery & Condiment segments, was recorded at ~5.8Mn MT in FY25 (FY24: ~6.8Mn MT), declining by ~14.3% YoY. This decline occurred as the lingering impact of earlier high inflation, resulting in higher pricing points, continued to suppress discretionary consumption.
- During FY25, the Condiments exports rose by ~67.9% YoY to USD~9.4Mn (FY24: USD~5.6Mn). The Biscuit & Cracker Exports rose by 3.7% YoY to USD~81.1Mn, while Snacks/Chips Exports followed a similar trend rising to USD~102.4 from USD~100.5Mn in FY24. The Sugar confectionaries for the period declined by ~20.0% YoY to settle at USD~89.5Mn (FY24: USD~111.9Mn). Pakistan majorly exports these items to Afghanistan, the Middle East, United Kingdom & the US.
- The imports for condiments increased to USD~7.6Mn (FY24: USD~6.3Mn). The Biscuit & Cracker and Sugar Confectionaries both also increased to record at USD~4.4Mn & USD~3.1Mn. There was a slight decrease in the imports of Snacks/Chips, clocking in at USD~70.2Mn.
- Local food product prices are highly dependent on their major raw material prices including Sugar, Wheat, Edible oil, and Potatoes (covered later), whereas flavors and some other components are imported.

Particulars	FY23	FY24	FY25
Production (Mn MT)	6.7	6.8	5.8
Production Growth (%)	-15.3%	1.3%	-14.3%
Condiments Exports (Mn USD)	5.6	5.6	9.4
Biscuits & Crackers Exports (Mn USD)	89.8	78.2	81.1
Snacks/Chips Exports (Mn USD)	121.9	100.5	102.4
Sugar Confectionaries Exports (Mn USD)	105.0	111.9	89.5
Condiments Imports (Mn USD)	4.7	6.3	7.6
Biscuits & Crackers Imports (Mn USD)	2.9	3.7	4.4
Snacks/Chips Imports (Mn USD)	60.1	70.9	70.2
Sugar Confectionaries Imports (Mn USD)	1.5	2.2	3.1

Regulatory Bodies/ Associations

Provincial Food Authorities, Pakistan
Biscuit & Confectionery Manufacturers
Association and Pakistan Association of
Food Industries , PSQCA

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Supply | Biscuits

- The term 'Biscuit' covers a large variety of sweet, savory, salted, filled, and coated biscuits. However, it is difficult to classify biscuits based on chemical composition and processing methodologies due to overlap.
- There is a high variation in local prices, owing to factors like product, brand, scale of operations, and packaging, among others.

Requirements for Biscuits (Percentage by Mass)

Sr. No	Characteristic	Requirements
1.	Moisture	5.0* (% by mass)
2.	Acid insoluble ash, (on dry basis)	0.05 (% by mass)
3.	Acidity of extracted fat (as oleic acid)	1.0 (% by mass)
4.	Lead (Pb)	2.0(mg/Kg)
5.	Arsenic (As)	1.1 (mg/Kg)
6.	Trans Fatty Acids	Not more than 2g per 100 g of total fat.

**In case of filled biscuits, maximum of 7.0% by mass may be allowed and for cookies maximum of 6.0% by mass may be allowed. After testing for these requirements in laboratories, segment players are issued the respective PSQCA license for a period of one year.*

Major Segment Players

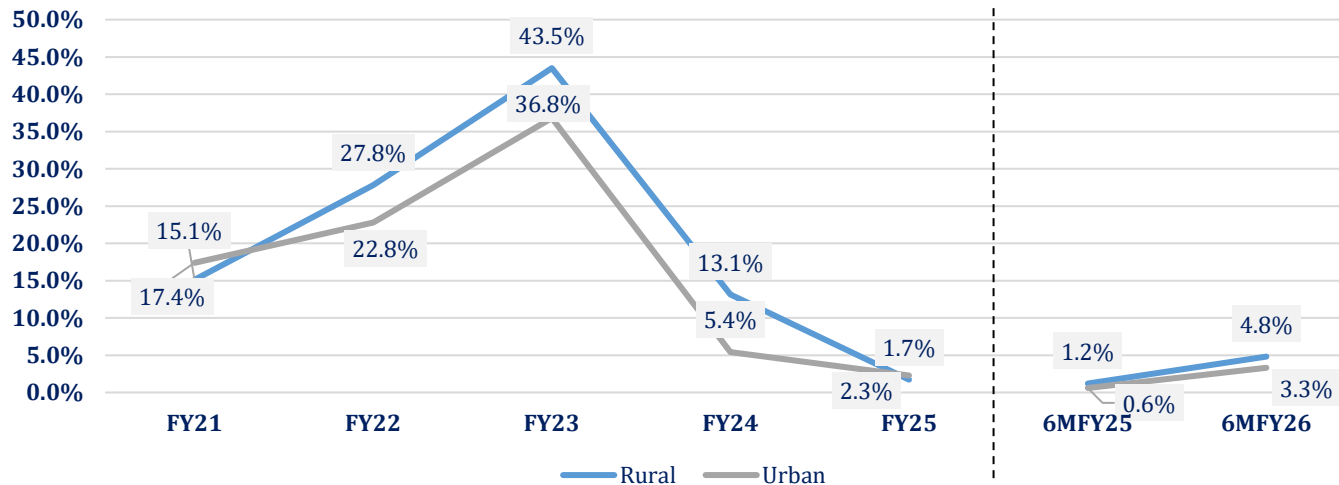


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Supply | Confectionery

- The segment comprises candies, toffees, gums & jellies. “Candyland,” the flagship confectionery brand of Ismail Industries, maintains a strong presence in the market across multiple product categories. A few international players also operate in the sector, mainly in premium segments.
- Availability of varieties is expected to contribute to the growth of the Confectionery sector. Also, rising disposable incomes, urbanization, and changing lifestyles are the key factors to boosting the growth of the market. Pricing varies greatly from product to product on the basis of brand, quality, scale of operations and other similar factors.
- The Rural and Urban CPI for the ‘Bakery & Confectionary’ segment recorded at ~4.8% & ~3.3% respectively.

Bakery and Confectionary | CPI (YoY Change)



Major Segment Players



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Supply | Snacks & Chips

- In the snacks segment, the major share is dominated by the potato chips market, which mainly comprises organized branded players. Currently, a major portion of the potato chips market is led by branded chips, while remaining of the market share belongs to other unorganized and unbranded potato chips.
- PepsiCo holds a prominent share in the branded chips market, especially with its brands Lays, Kurkure, and Cheetos. Other popular brands include Kolson and tripple-em.
- The demand for international quality snacks is growing, particularly among educated, middle and upper-income urban consumers due to changing lifestyles and changes in the taste of the consumers, the influence of foreign media, and increasing awareness.
- Children, teenagers, and young people are the target market of this product and given the changing eating habits of the target market, inclination is more towards having snacks.
- Sustained and continued expansion of the food industry abroad makes a strong case for exports in this segment. The potential exists for export in the Middle East, Central Asian States, Europe & the US.

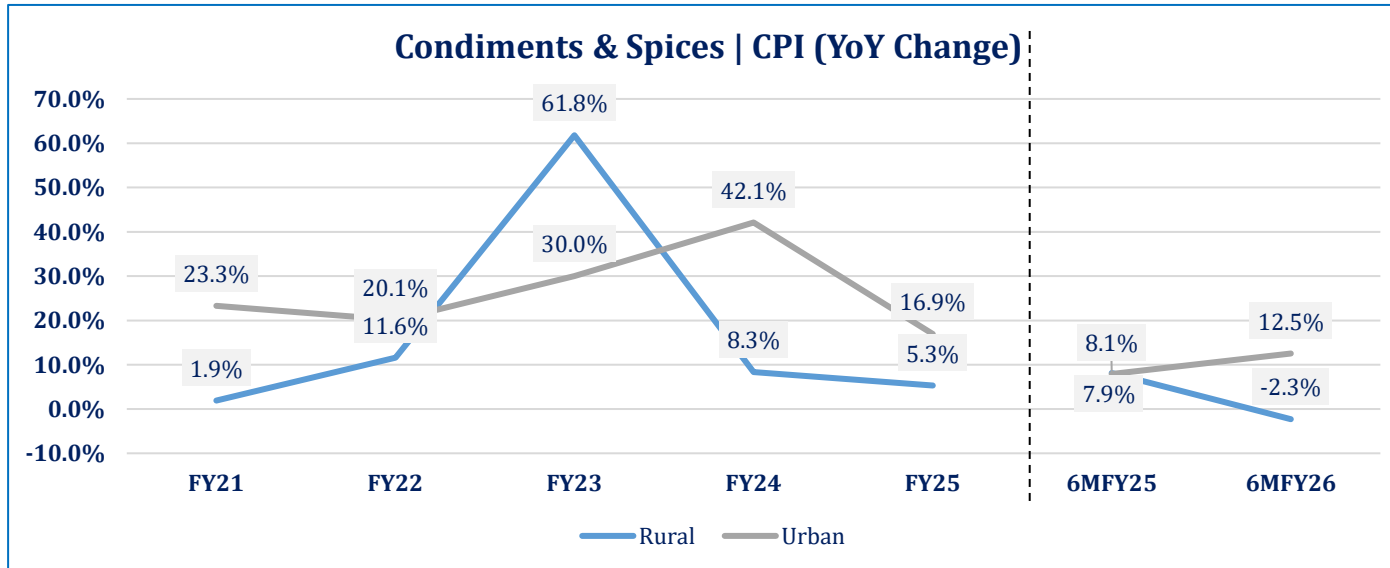
Major Segment Players



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Supply | Condiments

- Condiments are substances used to add flavor, texture, or seasoning to food. They can be sauces, spreads, or seasonings that enhance the taste of dishes. Common examples of condiments include Ketchup, Mustard, Mayonnaise Salt, and Pepper. National Foods and Shan Foods are the top players in this segment that enjoy brand loyalty from their customers.
- The Condiments & Spices category in Urban and Rural inflation levels stood at ~12.5% and ~-2.3%, respectively, as of 6MFY26. Slower rural price increases support demand growth while limiting price-driven revenue, whereas rising urban prices with strong pricing leverage continue to bolster revenue and margins with only modest impact on demand.



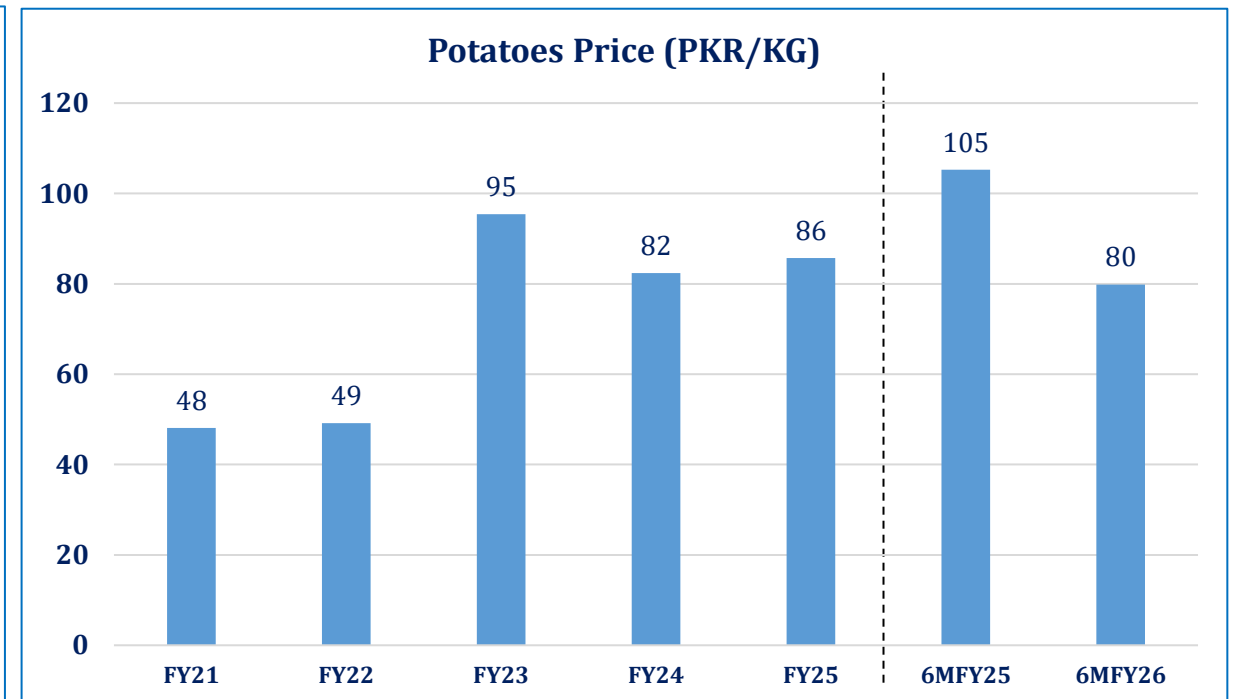
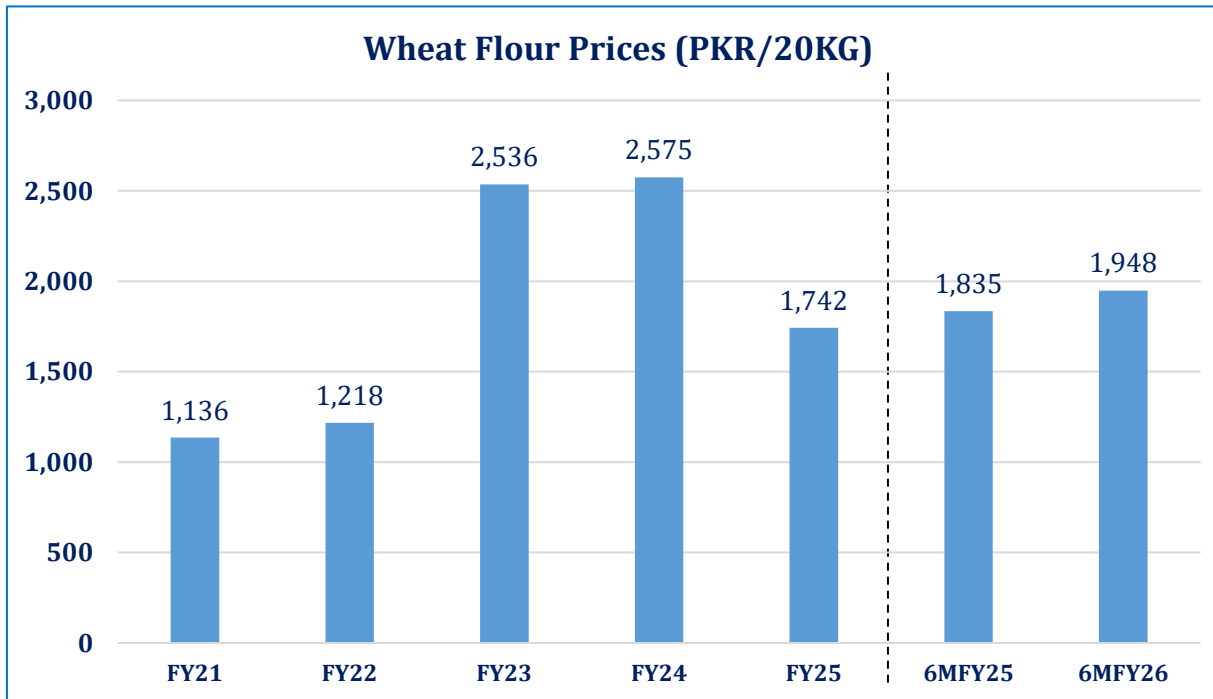
Major Segment Players



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Business Risk | Raw Materials

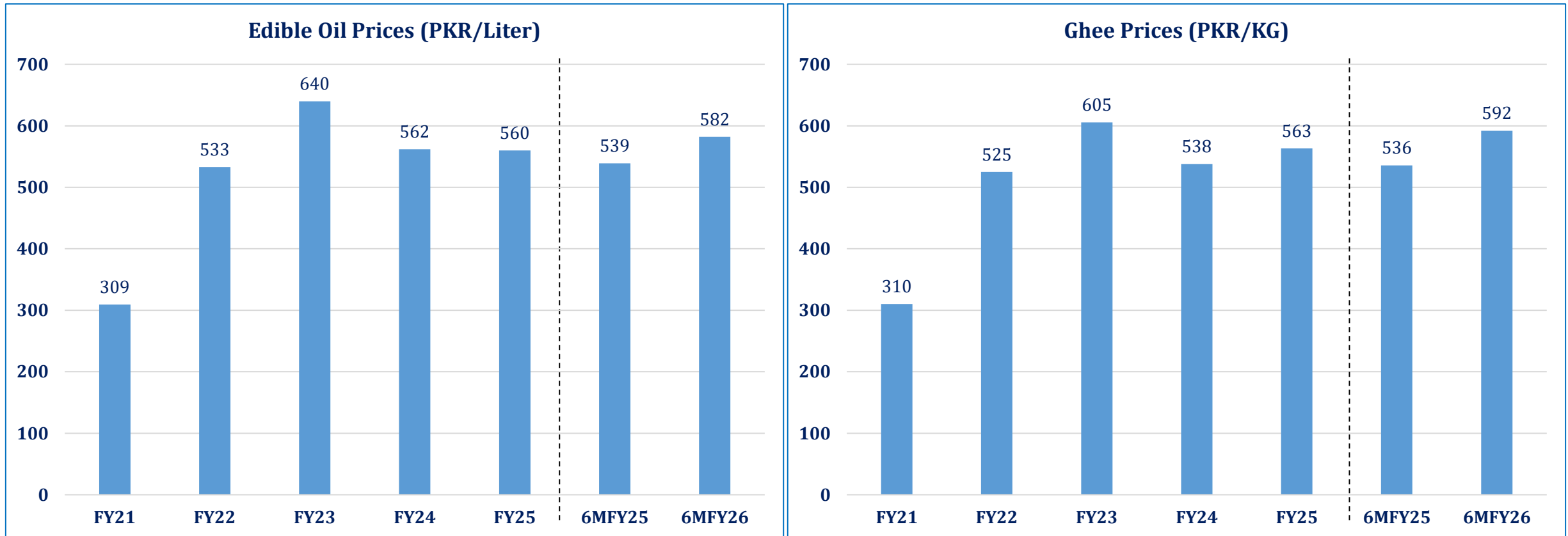
- Wheat flour serves as a major raw material in the Biscuits & Crackers and Confectionery segments of the Sector. The average price of wheat flour decreased to PKR~1,742/20kgs during FY25 (FY24: PKR~2,575/20kgs). This was mainly due to surplus domestic stocks and abolishment of fixed wheat price by the Government and weakening international wheat prices. The prices however increased to PKR~1,948/20kgs for 6MFY26.
- Potatoes serve as a major raw material in the Snacks segments of the Sector. The average price of potatoes increased slightly to PKR~86/kg during FY25 (FY24: PKR~82/kg). There was a stark drop in prices when moving to 6MFY26 mainly due to the closure of the border with Afghanistan which lead to a severe domestic oversupply in the market.



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Business Risk | Raw Materials

- Edible oil and ghee also serve as the major raw materials in the Biscuits & Crackers, Snacks/Chips, and Confectionery segments of the sector. The average price of edible oil remained largely the same at PKR~560/liter during FY25 (FY24: PKR~562/liter) while during 6MFY26, the edible oil price increased to PKR~582/liter (6MFY25: PKR~539/liter). Ghee Prices increased to PKR~563/kg (FY24: PKR~538/kg), while during 6MFY26 Ghee prices recorded at PKR~592/kg.



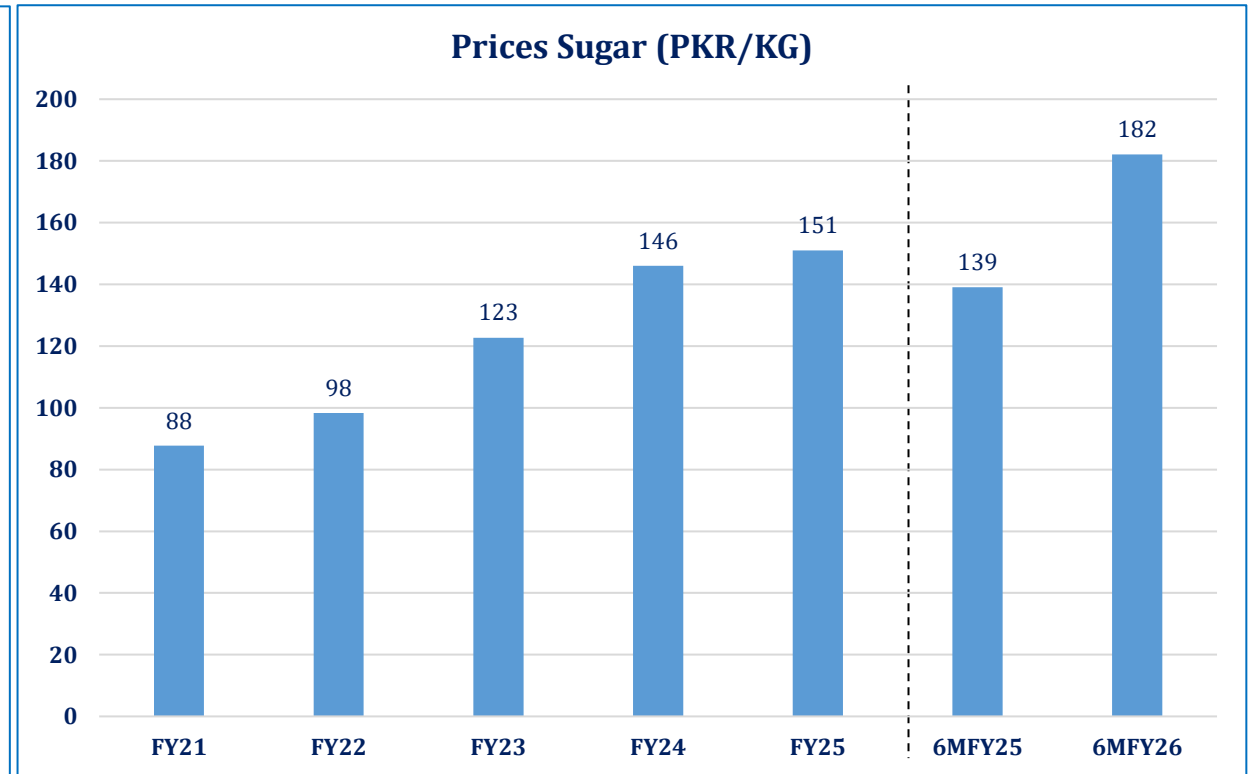
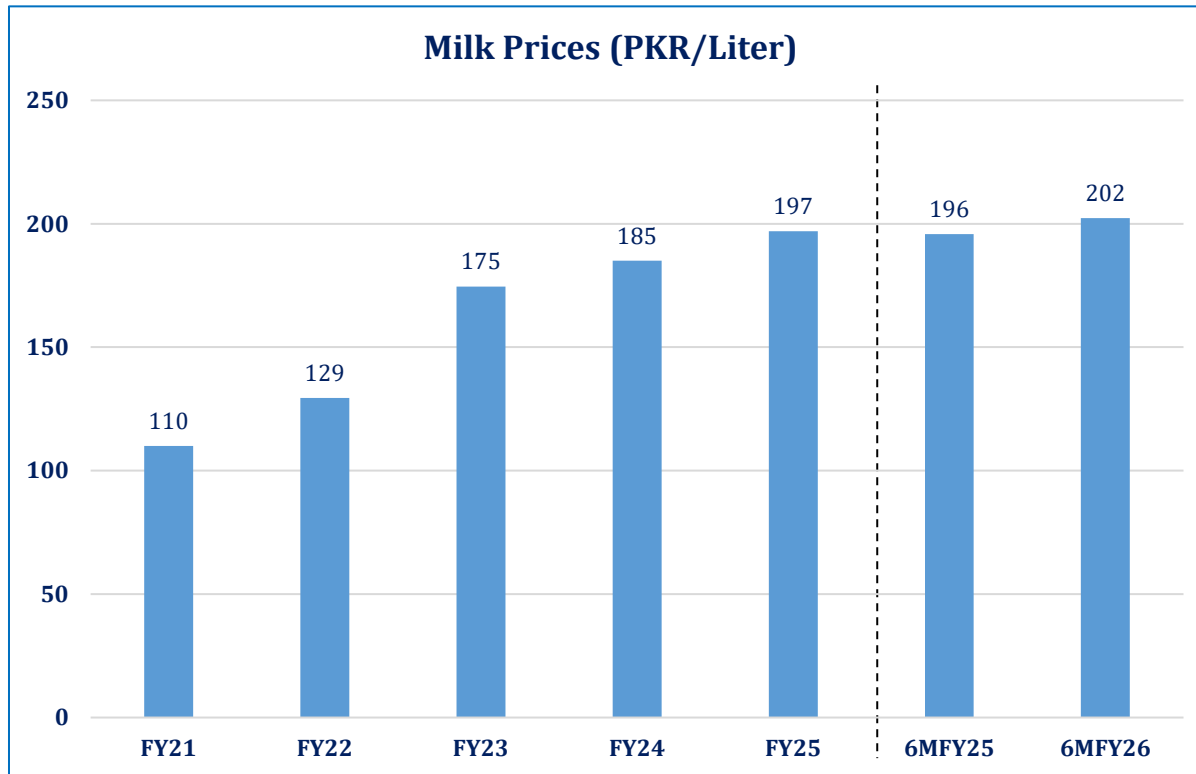
*Edible oil prices pertain to "Cooking Oil DALDA or Other Similar"

Source: PBS

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Business Risk | Raw Materials

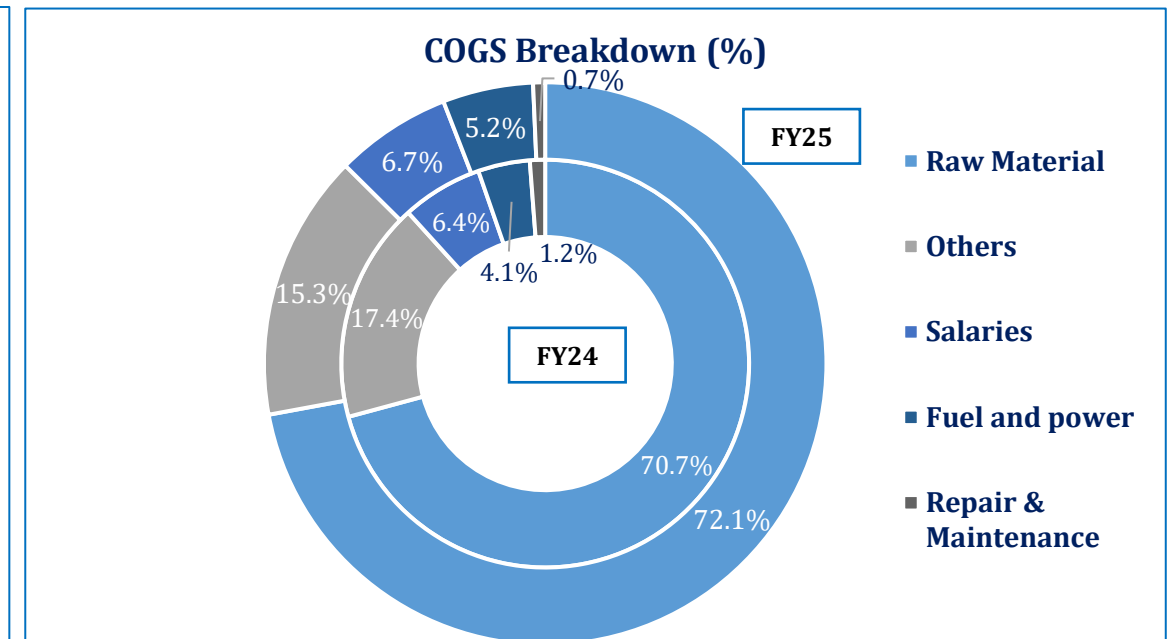
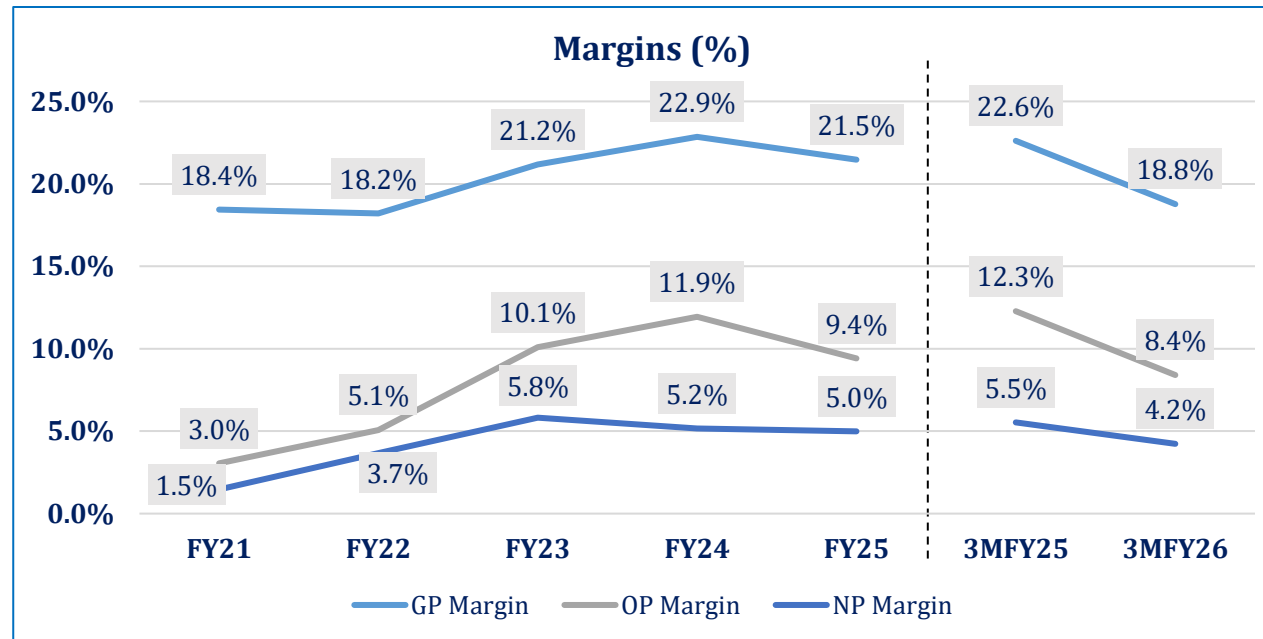
- Pakistan's dairy sector is constrained by several major issues; low productivity, seasonality in milk supply, a patchy distribution system, the absence of cold chains, unhygienic handling at farm and middleman levels leading to poor milk quality, and the industry's inability to meet with international standards. The domestic prices for fresh milk averaged PKR~197/liter in FY25. In 6MFY26, these prices have further increased, averaging at PKR~203/liter.
- The average sugar price during FY25 increased to PKR~151/kg (FY24: PKR~146/kg). A sharp increase was seen in prices when comparing 6MFY26 with 6MFY25, mainly due to large-scale sugar exports that depleted domestic stocks and tightened local supply, contributing to shortages and later prompting imports to stabilize the market.



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Business Risk | Biscuits, Snacks & Confectionery

- During FY25, the gross margins declined to ~21.5% (FY24: 22.9%), mainly due to the segment's revenue falling by ~3.3% YoY coupled with rising prices of sugar, milk and other key ingredients. The operating margins also fell to ~9.4% from its previous margin of ~11.9% in FY24.
- The segment's average net margins also decreased to ~5.0% in the period (FY24: ~5.2%) despite ~32.6% YoY lower finance costs.
- The margins declined in 3MFY26 (when compared to 3MFY25). The gross margins contracted to ~18.8% (3MFY25: ~22.6%), while the net and operating margins followed a similar trend to record at ~8.4% & 4.2%, respectively.
- The segment relies heavily on raw materials as it comprised ~72.1% of the total cost of production during FY25 (FY24: ~70.7%). This is followed by the 'Others', Salaries and Fuel & Power sections which recorded at ~15.3%, 6.7% & 5.2% respectively.

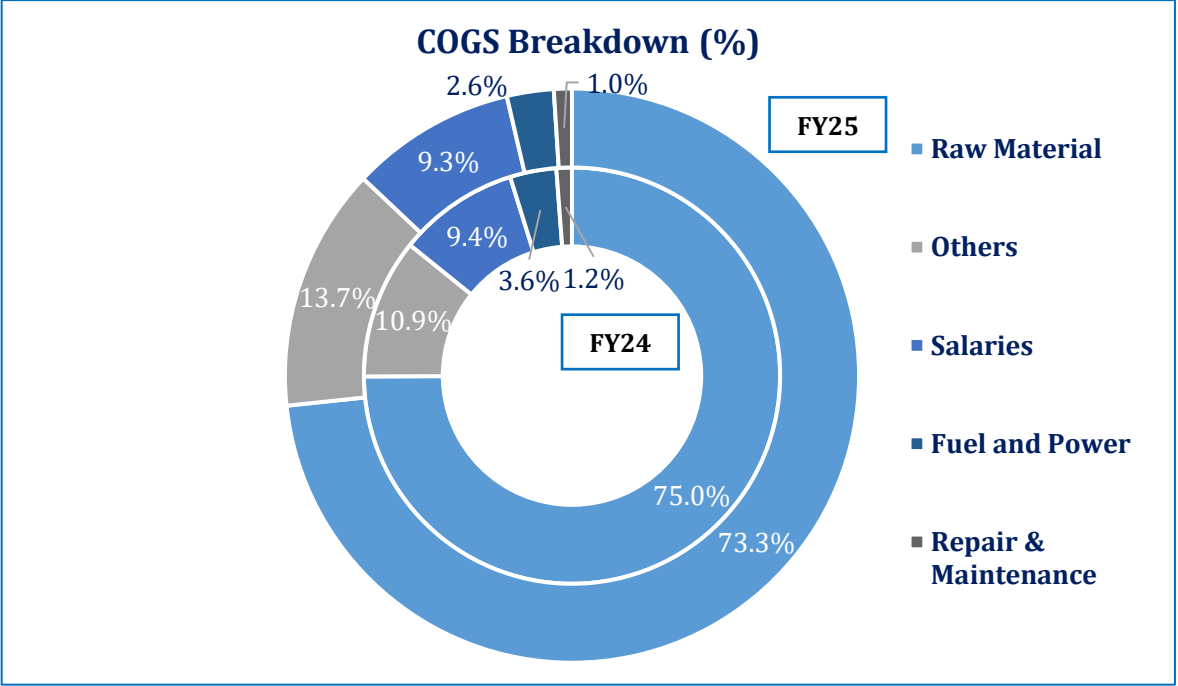
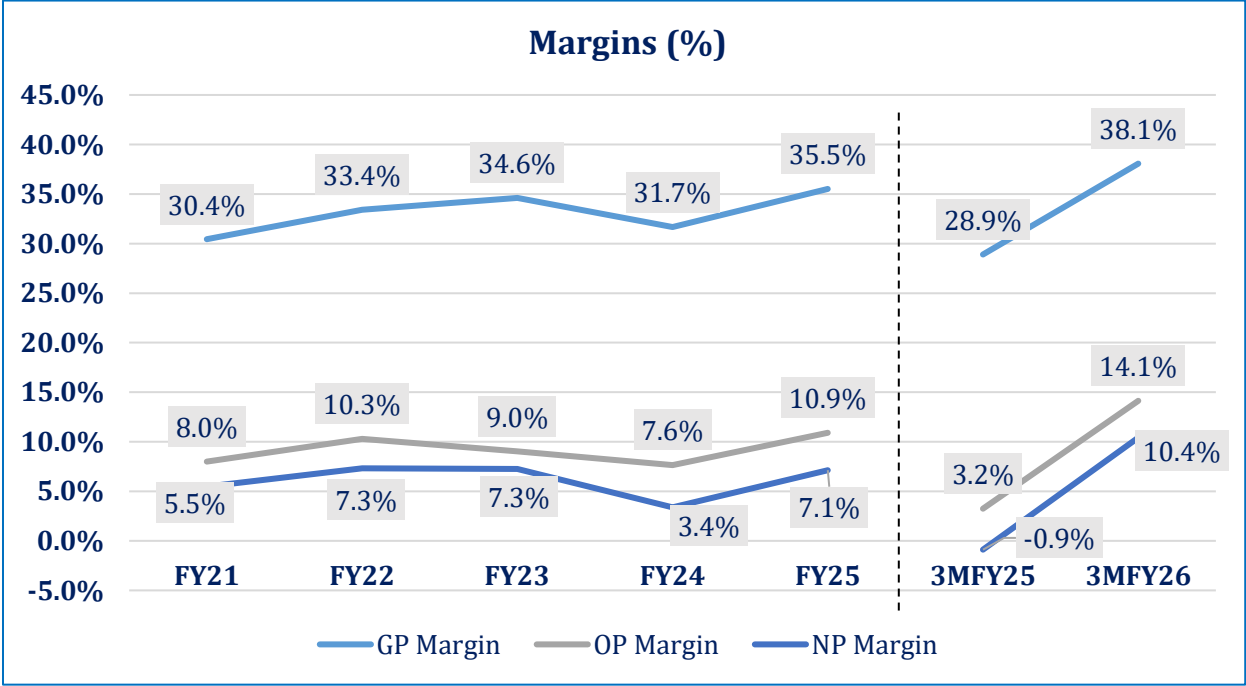


Note: Margins are reflective of 2 PACRA-rated clients in biscuits & crackers, confectionery and snacks/chips segments. Quarterly data pertains to 1 player in the segment.

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Business Risk | Condiments

- For FY25, the Sector's margins saw an upward trend. The gross margins grew to ~35.5% (FY24: 31.7%) as raw material prices remained in check and price increases from previous periods fully came into effect. The operating margin for the period also increased to ~10.9%, from its previous value of ~7.6% in FY24.
- The net margins rose to ~7.1% (FY24: ~3.4%) , mainly due to a 19.4% YoY decline in finance costs. A similar rising trend was seen when looking at 3MFY26, where the average gross, operating and net margins rose to ~38.1% , ~14.1% & ~10.4% (3MFY25: ~28.9%, ~3.2% & -0.9%).
- The cost structure primarily comprises raw materials as they form over 70% of the COGS. For the period, the raw material section comprised ~73.3% (FY24: 75.0%). Subsequently, the 'Others', Salaries, and Fuel & Power heads accounted for about ~13.7%, ~9.3% and ~2.6% of the overall cost structure, respectively.

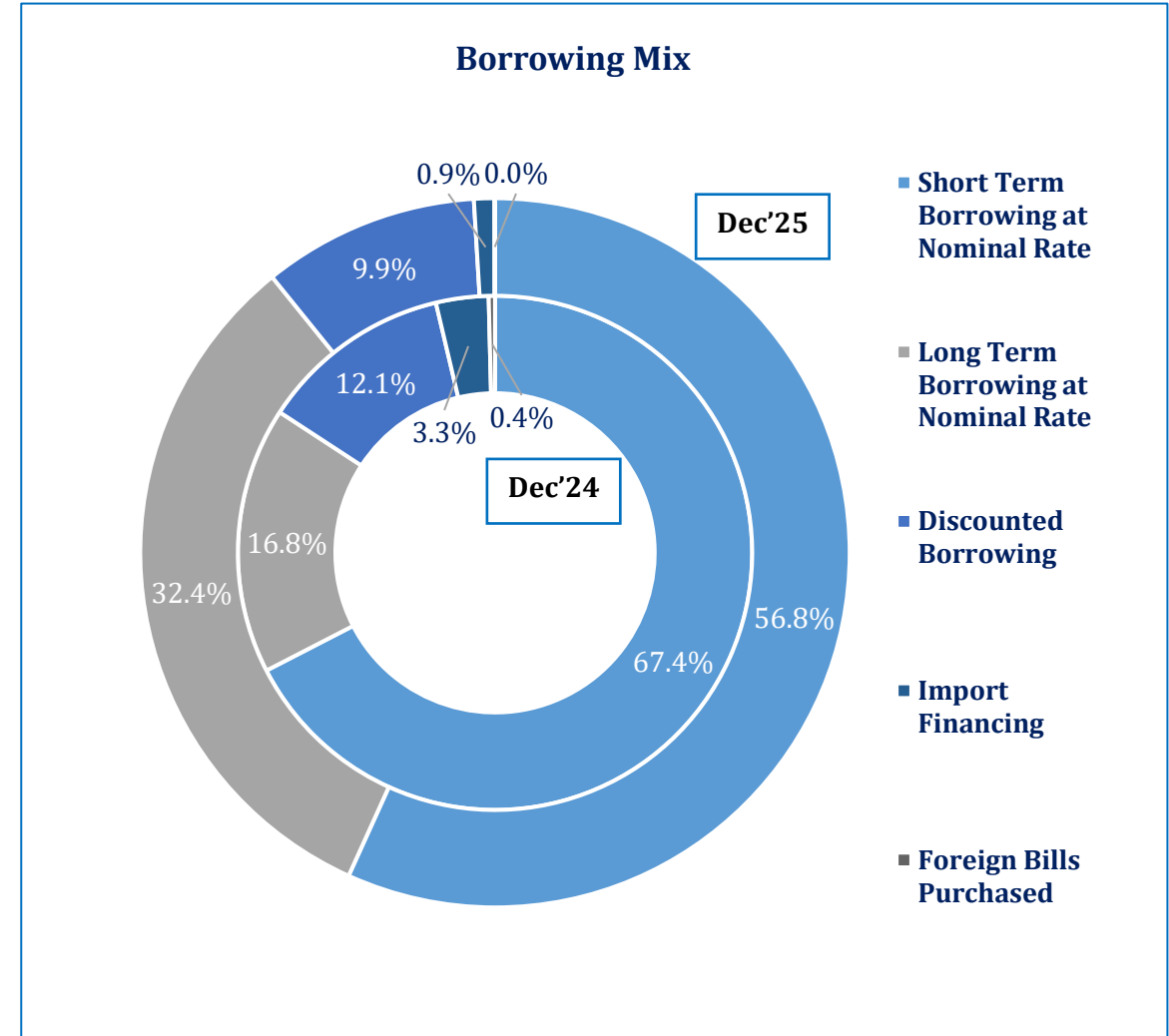


Note: Margins are reflective of 1 PACRA-rated/listed client in the condiments segment.

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Financial Risk | Borrowing Mix

- As of End-Dec'25, the Sector's overall borrowings stood at PKR~188.2Bn, down ~33.9% YoY (End-Dec'24: PKR~284.8Bn).
- Short-term borrowings (STBs) at normal rates stood at PKR~106.8Bn (End-Dec'24: PKR~192.1Bn), down ~44.4% YoY, and held the largest share in the sector's borrowing mix at ~56.8% (SPLY: ~67.4%).
- Long-term borrowings (LTBs) at nominal rate stood at PKR~61.0Bn (End-Dec'24: PKR~47.8Bn), up ~27.6% YoY and held a share of ~32.4% in the overall borrowings (SPLY: ~16.8%).
- Discounted borrowing (LTFF & EFS) stood at PKR~18.6Bn (End-Dec'24: PKR~34.4Bn), down ~46.1% YoY and held a share of ~9.9% in the overall borrowing mix.
- Meanwhile, import financing stood at PKR~1.8Bn (End-Dec'24: PKR~9.4Bn), down ~81.4% YoY, and held a ~0.9% share in the total borrowing mix as of End-Dec'25.
- Foreign Bills Purchased for the period were almost minimal clocking in at PKR~43.4Mn (End-Dec'24: PKR~1,124Mn).



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Financial Risk | Borrowing Mix

Food Segments	Total Borrowing		YoY Change (%)	Short-term Borrowing			Long-term Borrowing		Foreign Bills Discounted
	Dec'24	Dec'25		Import Financing	EFS	Other Short-term	LTFF	Other Long-term	
Manufacture of Bakery products	140,018	68,287	-51.2%	476	4,817	37,096	5,646	20,208	43
Manufacture of other food products n.e.c.,	70,879	52,201	-26.4%	1,274	3,187	32,202	2,863	12,676	-
Manufacture of Cocoa, Chocolate and Sugar Confectionery	40,992	30,251	-26.2%	-	397	13,837	797	15,220	-
Manufacture of Starches and Starch Products	18,417	20,476	11.2%	-	685	18,013	27	1,751	-
Processing/blending of spices, tea, coffee etc.	14,320	16,953	18.4%	-	-	5,682	138	11,133	-
Manufacture of Macaroni, Noodles, Couscous and Similar Farinaceous Products	207	1	-99.5%	-	-	-	-	1	-
Sector Total	284,833	188,169	-33.9%	1,750	9,086	106,829	9,471	60,989	43

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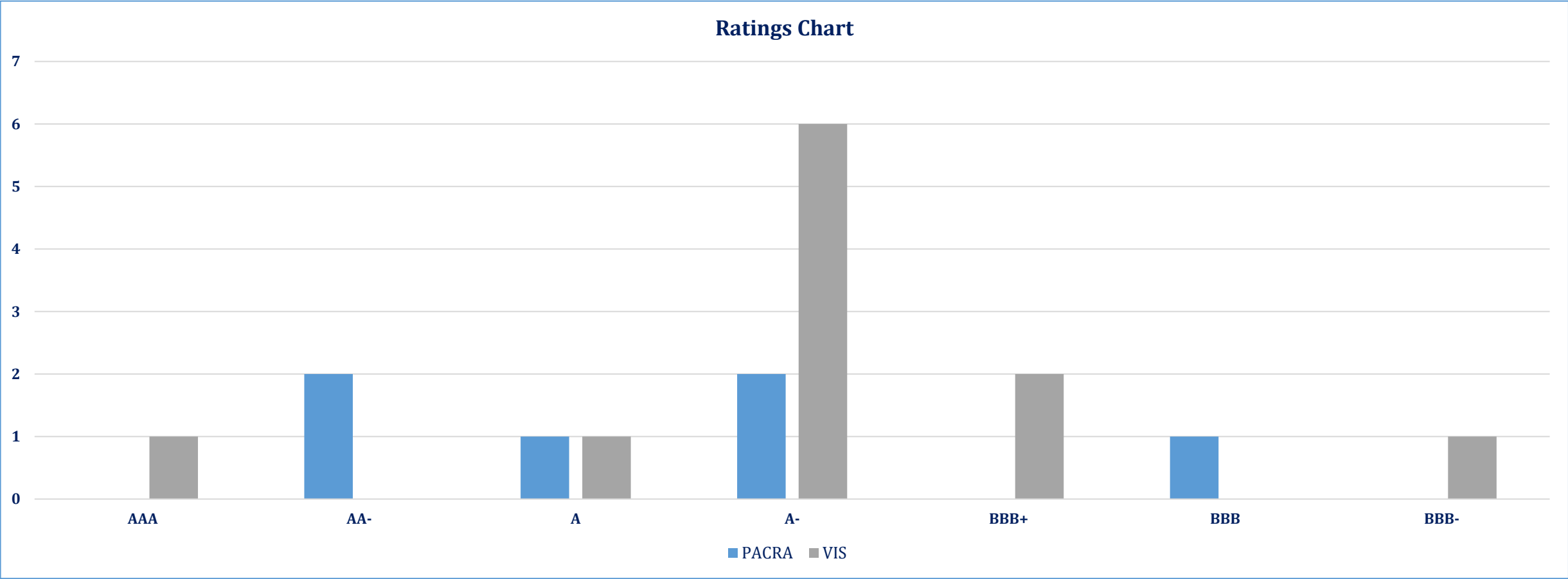
Duty Structure

PCT Code	Description	Custom Duty		Additional Custom Duty		Regulatory Duty		Total	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
1905	Sweet biscuits; waffles and wafers, and others	20%	15-20%	6%	2-4%	20%	20%	46%	37-44%
1704	Sugar confectionery (including white chocolate), not containing cocoa	20%	20%	6%	4%	40%	40%	66%	64%
1801-1805	Cocoa, Cocoa powder, not containing added sugar or other sweetening matter	3-11%	0-5%	2%	0%	0-10%	0-10%	5-23%	0-15%
1806	Chocolate and other food preparations containing cocoa	11-20%	10-20%	2-6%	0-4%	0-10%	0-10%	13-36%	10-34%
2103	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.	20%	20%	6%	4%	50%	40%	76%	64%

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Rating Curve

- PACRA rates six entities i.e., in the Food Products sector, with a rating bandwidth of AAA to BBB-.



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SWOT Analysis

- Continuous availability and ease of access to raw material
- Availability of low-cost skilled and unskilled labor
- Simple to operate plants
- Available unutilized capacity
- Products affordable to all income groups
- A wide range of target market

Strengths

Weaknesses

- Mushroom industries and counterfeit brands
- Little variation/value addition in product
- Highly saturated market
- Low utilization
- Low barriers to entry
- Low contribution margins
- High waste production levels

- Increased freight charges
- Climate change and shifting rain cycles
- Strong bargaining power of buyers
- Intense competition from regional players in the international market
- Growing concerns about healthy lifestyle
- Strong hold of established multinationals
- Regular infringement of Intellectual Property Rights laws

Threats

Opportunities

- Growing population and food consumption
- Untapped export market
- Increase in income per capita
- Evolving consumer taste palette
- Changes in eating habits, healthy eating, Gluten free market

FOOD PRODUCTS

Outlook: Stable

- In FY25, Pakistan's GDP (nominal) stood at PKR~113.9Tn (FY24: PKR~105.4Tn), increasing, in real terms, by ~3.1% YoY (FY24: ~2.6% YoY) and is projected to grow by ~3.2% in FY26, according to the IMF. The 1QFY26 data show a ~3.7% YoY real growth rate as compared to ~1.6% YoY in 1QFY25, showing an improvement in economic activity as compared to the SPLY.
- Over 1HFY26, inflationary pressures eased, with national CPI averaging ~5.2% YoY compared to ~7.2% YoY in 1HFY25. Between 6MFY25 and 6MFY26, Bakery & Confectionery saw CPI rise, with Rural inflation increasing to ~4.8% from ~1.2% and Urban to ~3.3% from ~0.6%, while Condiments & Spices recorded a divergence as Rural prices slipped into deflation at ~-2.3% from ~8.1% even as Urban inflation climbed to ~12.5% from ~7.9%.
- Most of the raw materials (Wheat, Sugar, Potatoes, Milk, Ghee and Edible Oil) are domestically available. Between 6MFY25 and 6MFY26, sugar prices increased sharply from PKR~139/kg to PKR~182/Kg (~30.9% YoY), while potato prices declined steeply from PKR~105/kg to PKR~80/Kg (~23.8% YoY). Over the same period, wheat flour prices rose from PKR~1,835/20 kgs bag to PKR~1,948/20 kgs (~6.2% YoY), whereas milk prices recorded a modest uptick from PKR 196/Liter to PKR~202/Liter (~3.1% YoY). Meanwhile, ghee prices moved from PKR~536/kg to PKR~592/kg (~10.4% YoY), while edible oil prices increased from PKR~539/liter to PKR~582/liter (8.0% YoY) over the same period.
- In the Biscuits, Snacks & Confectionery segment, profitability weakened in 3MFY26 relative to 3MFY25, with gross margins falling to ~18.8% (3MFY25: 22.6%), while operating and net margins also contracted, reaching ~8.4% and ~4.2%, respectively (3MFY25: ~12.3% and ~5.5%). Conversely, the Condiments segment demonstrated stronger performance during 3MFY26, as average gross, operating, and net margins improved to ~38.1%, ~14.1%, and ~10.4% (3MFY25: 28.9%, 3.2%, and -0.9%).
- Organized players like Ismail Industries, National Foods, and Hilal Foods are strengthening their market position through innovation, high-end products, quality certifications, and expanding export footprints.
- Looking forward, the Food Products sector is expected to maintain stable growth, supported by easing inflation and stable growth. Strong domestic agriculture production and government measures to stabilize supply will help manage raw material availability, though price volatility in key commodities could still affect input costs. Growth may also face headwinds as consumers gradually shift preferences away from biscuits and confectioneries toward healthier alternatives, potentially impacting margins in certain segments.

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