



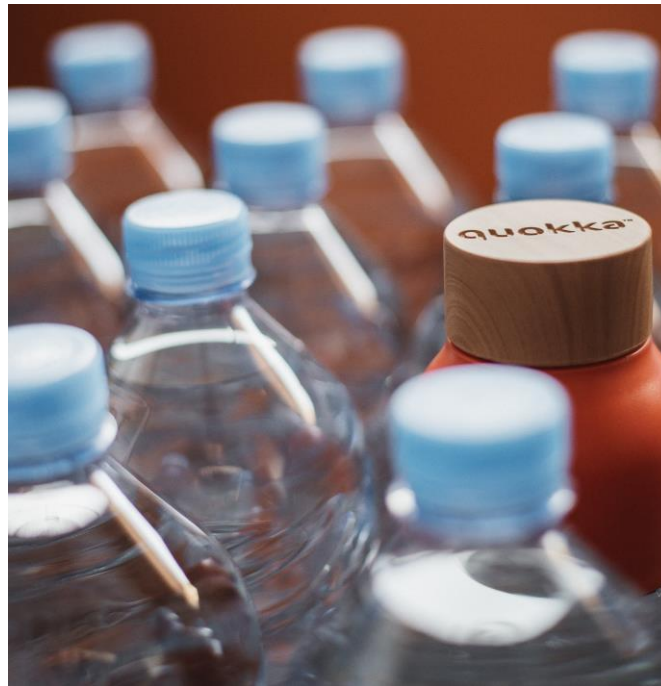
Paper & Packaging

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Paper & Packaging

Introduction

Packaging refers to the enclosing or protecting of goods for distribution, storage, sale, and use. The packaging industry is mostly segmented according to the types of material used.

Plastic

Plastic packaging is composed of synthetic materials derived from various organic polymers like polyethylene, PVC, and nylon. These materials can be molded into specific shapes while in a pliable state and then solidified into either a rigid or slightly flexible form. These encompass items like PET bottles and Plastic boxes. Additionally, it includes flexible packaging options like Plastic bags and pouches.

Paper & Cardboard

Paper-based packaging is typically employed for smaller items such as food and gifts, and tends to be lighter than cardboard, whereas cardboard packaging is used in handling heavier products and is characterized by its substantial weight and bulkiness. Additionally, cardboard packaging serves as a reliable option for shipping materials and products, offering essential support. This category encompasses various forms like cartons, corrugated boxes, as well as bags and Paper sacks.

Metal

It refers to the use of metallic materials, such as aluminum and steel, as packaging materials. These metals are known for their durability, strength, and ability to protect goods from external factors like moisture, light, and air. They are commonly used in the manufacturing of cans, foils, lids, and other packaging solutions. Metals in packaging are favored for their ability to provide a secure and long-lasting enclosure for a wide range of products, including food, beverages, pharmaceuticals, and various consumer goods.



Paper & Packaging

Global | Overview

- The global Paper Packaging market is projected to grow from USD~458.8Bn in CY25 to USD~584Bn by CY30. The key sectors driving demand include food & beverage, e-commerce and pharmaceuticals, mainly due to the demand for sustainable, protective and lightweight packaging.
- The supply side of the paper and packaging industry is shaped by the availability and cost of raw materials, such as pulp, energy, and labor. It is also affected by logistical and transportation challenges, including port delays and shortages of drivers. Regulatory and environmental pressures, such as sustainability requirements and trade policies, influence production capacity and add to operational costs.
- The Asia-Pacific region is a major growth engine, as it held ~48.1% of the market in CY24, driven by e-commerce, urbanization, and fiber capacity growth. In the region, China leads both in the production and consumption of pulp and paper products worldwide, with its market projected to reach USD~120.8Bn by CY25. India's market is forecasted to be at USD~26.6Bn by CY25, while Japan's market is projected to reach USD~13.7Bn in the same year.
- When looking at the top producing companies for this sector, the paper packaging market is structured into three tiers: Tier 1 (International Paper, WestRock, Smurfit Kappa) controls ~38% with large-scale production and global distribution; Tier 2 (Mondi Group, DS Smith, Stora Enso) holds ~35% with cost-effective, high-performance solutions; and Tier 3 (regional and niche players) captures ~27%, focusing on customized, lightweight and sustainable packaging.
- The global paper-packaging market is projected to grow at a CAGR of ~4.9%, supported by rising e-commerce, stricter environmental regulations, and the ongoing shift from plastics to recyclable fiber-based materials. Advances such as bio-based barrier coatings, nano-cellulose, and high-speed digital printing are improving paper's functionality, enabling it to meet diverse packaging needs. At the same time, Extended Producer Responsibility (EPR) mandates and circular-economy practices are driving demand for sustainable, recyclable, and mono-material packaging solutions.

Paper & Packaging

Local | Overview

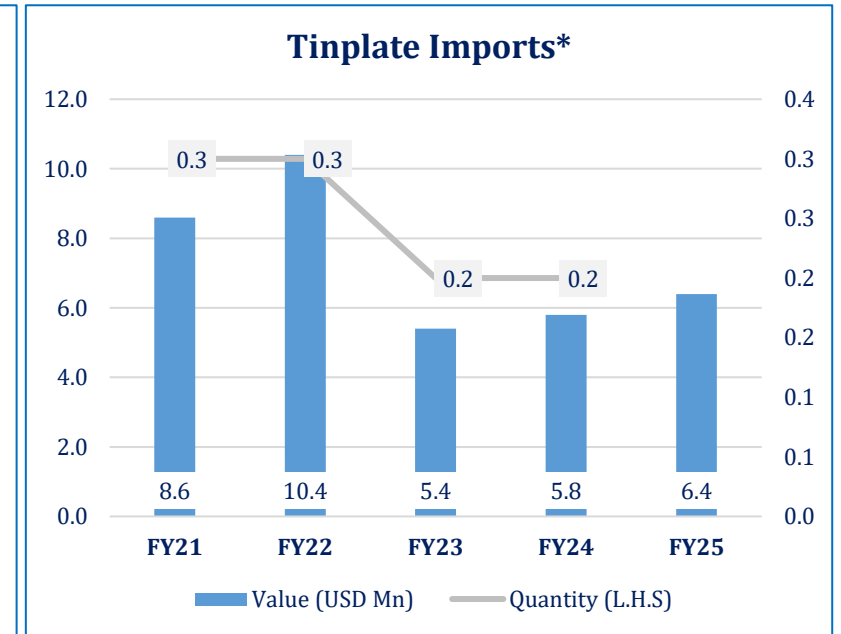
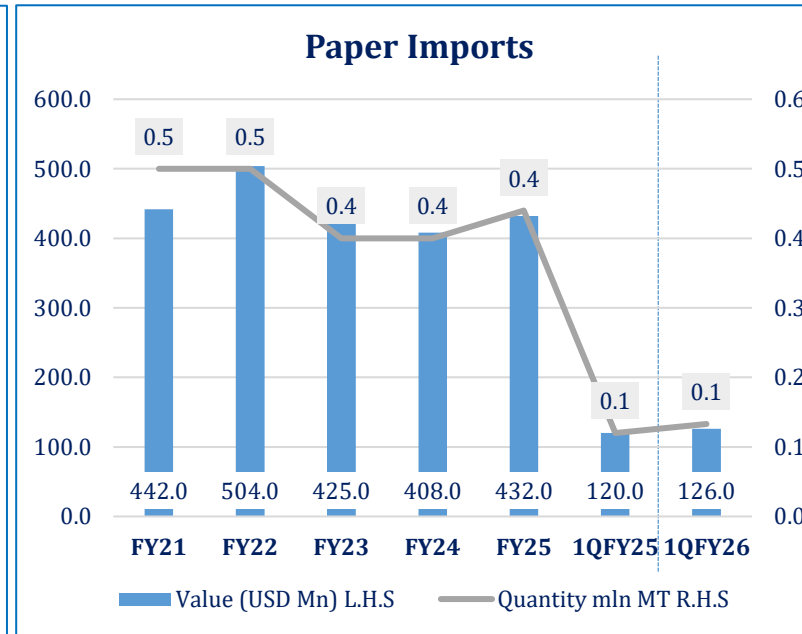
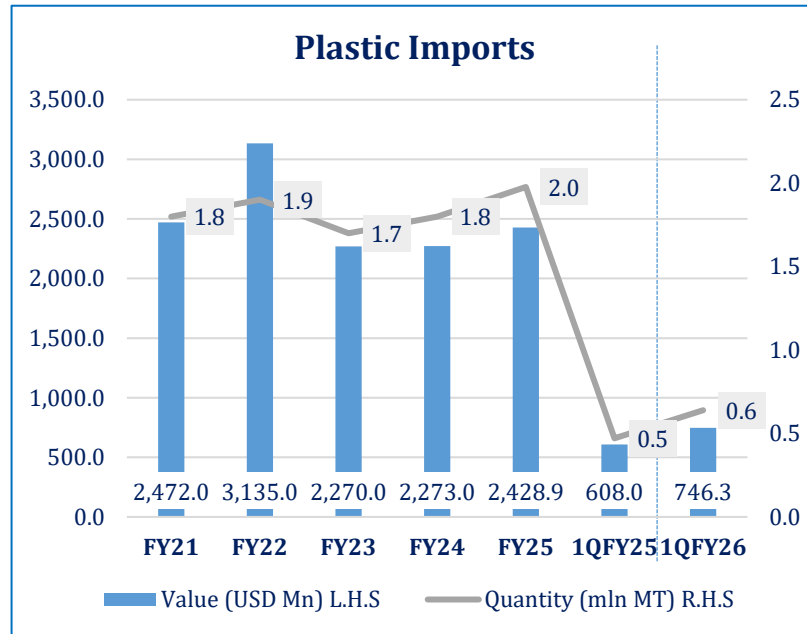
- Pakistan’s Paper & Packaging Sector consists of three major segments - Plastic, Paper, and Tinplate. Plastic and Paper segments occupy the major share of the total market, while other materials such as Tinplate and Glass have relatively smaller sizes.
- The Tinplate segment is dominated by two local manufacturers, namely Pakistan Aluminum Beverage Cans Limited and Siddiqsons Tin Plate Limited (STPL). While the former is the sole producer of aluminum-based beverage cans and the sole manufacturer of Tinplate for larger Tin cans in the country.

Segment	Plastic	Paper	Tinplate
Type	PET bottles and CPP, BOPP & BOPET film	Paper & Board	Tinplate
Demand	PET bottles: Beverages & Pharmaceuticals Film: Consumer goods such as snacks and confectionary items	Used in a large variety of retail and consumer products	Edible Oil, Ghee, Canned Food & Paints
Market Structure	Oligopoly	Oligopoly	Duopoly
	4 listed players	4 listed players	2 listed players

Paper & Packaging

Local | Segment-wise Imports

- During FY25, Plastic imports increased to ~2.0Mn MT (FY24: ~1.8Mn MT), reflecting a YoY rise of ~11.1%. In value terms, imports reached USD~2,428Mn in FY25 (FY24: USD~2,273.0Mn), up ~6.9%. In 1QFY26, imports of Plastic further rose by ~35.7% in volumetric terms and ~22.7% in value terms compared to the same period last year.
- Similarly, Paper & Packaging imports during FY25 rose by ~10.0% in quantity, reaching ~0.4Mn MT, while in value terms, imports increased by ~5.9% to USD~432.0Mn (FY24: USD~408.0Mn), supported by a favorable exchange rate environment. In 1QFY26, imports of Paper & Packaging rose by ~10.8% in quantity, recording at ~0.1Mn MT, while in value terms it rose by ~5.0% and calculated at USD~126.0Mn (SPLY: USD~120.0Mn).
- Tin imports for the period rose to USD~6.4Mn in FY25, up from USD~5.8Mn in FY24, representing a YoY increase of ~10.3%. In FY25, Pakistan's currency appreciated by ~1.4% YoY against the US dollar, averaging PKR~279.0 (FY24: PKR~283.0). However, in 1QFY26, the local currency depreciated by ~1.8%, with the exchange rate averaging PKR~283.0/USD (SPLY: PKR~278.0/USD).



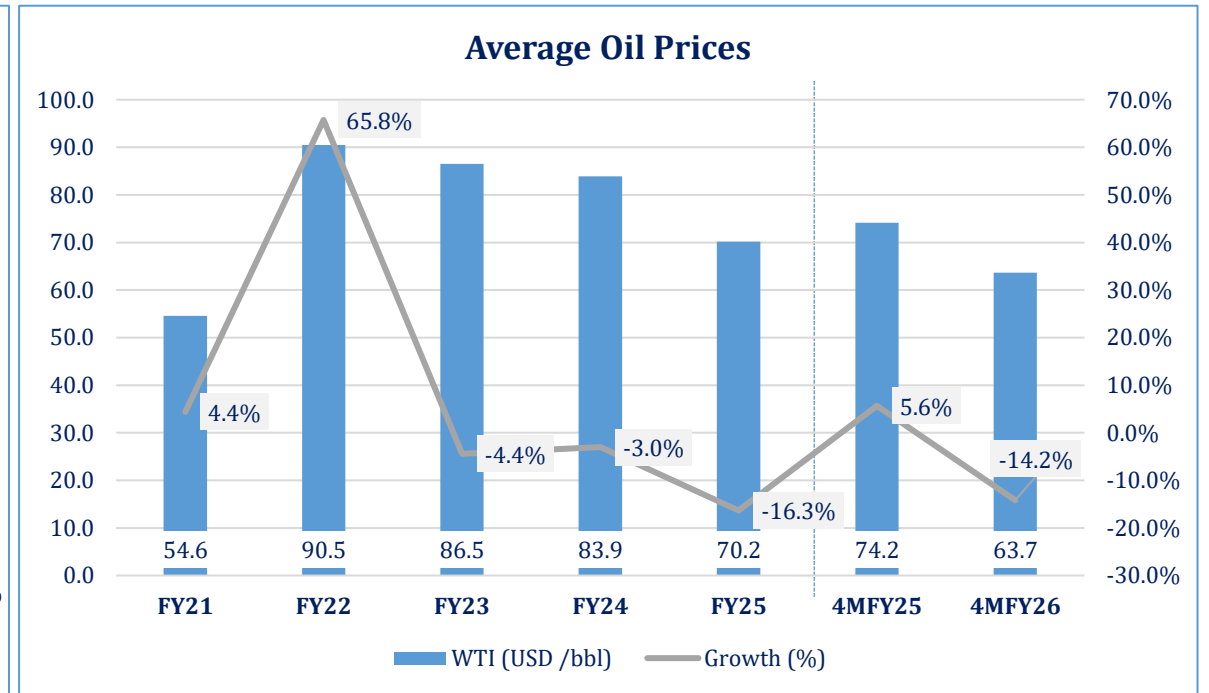
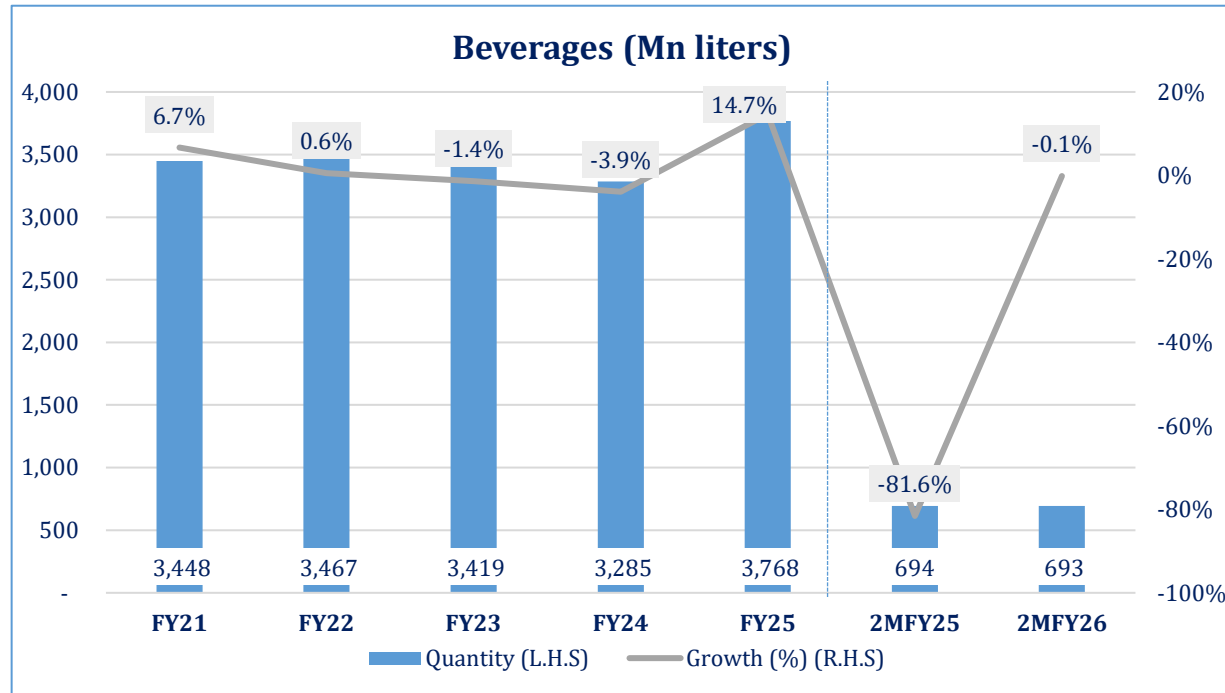
Note: Latest import volume data for Tinplate is available up to FY24.



Paper & Packaging

Business Risk | Plastic

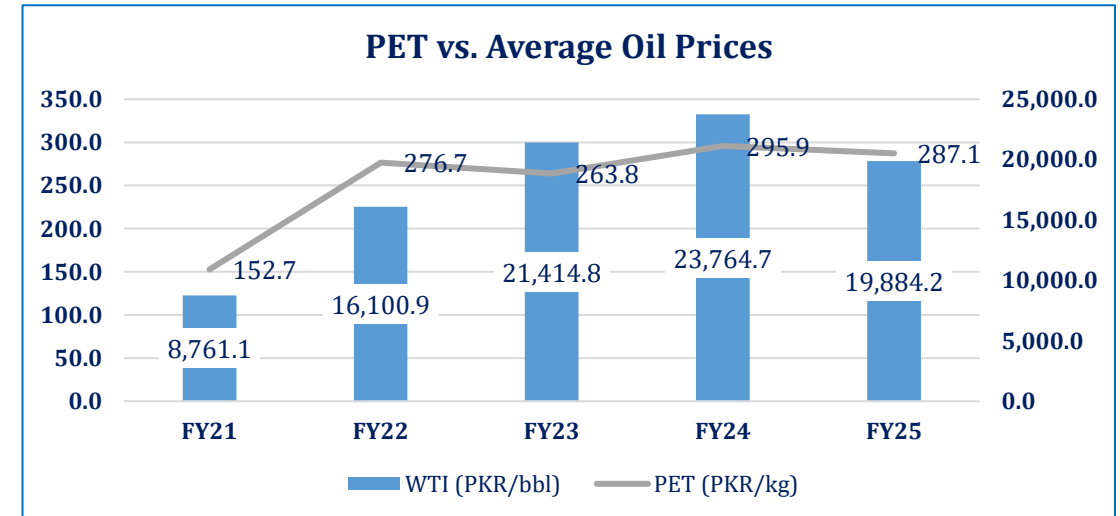
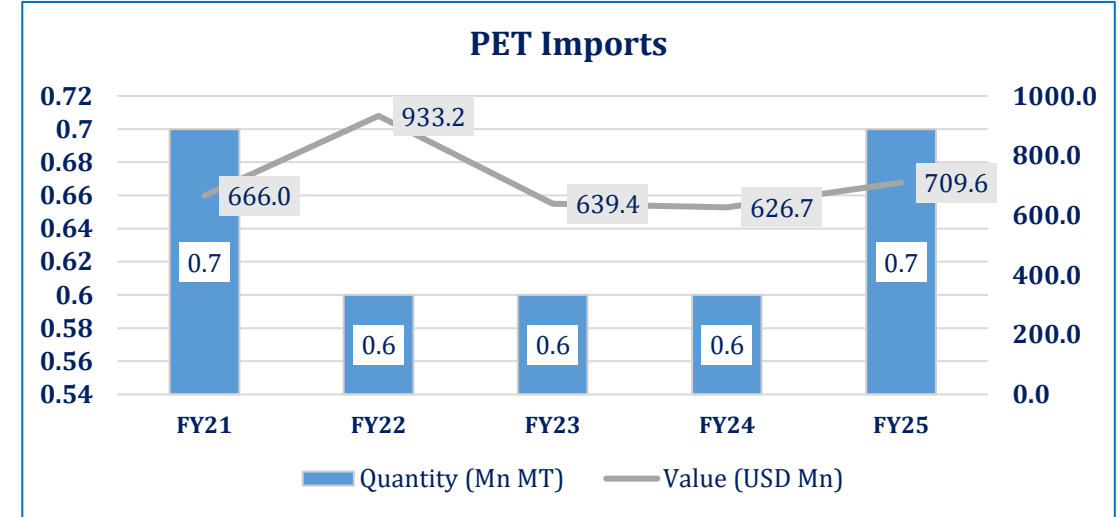
- The Plastic Packaging segment derives its demand from various industries, such as food, beverages, pharmaceuticals and others. The production of beverages over the past five years (FY21-25) increased at a CAGR of ~1.8%. During FY25, beverage production rose by ~14.7% YoY (FY24:~-3.9%).
- The price of the major raw material used in the making of plastic, Polyethylene Terephthalate (PET), is correlated with international oil prices. Any volatility in the oil prices and exchange rates is, therefore, a significant source of risk for this segment. During FY25, oil prices on average fell by ~16.3% YoY, to stand at USD~70.2/bbl (FY24: USD~83.9/bbl) . The variability in oil prices during FY25 was mainly due to OPEC+ deciding to increase its output, which influenced market expectations and put downward pressure on prices.



Paper & Packaging

Raw Material | Plastic

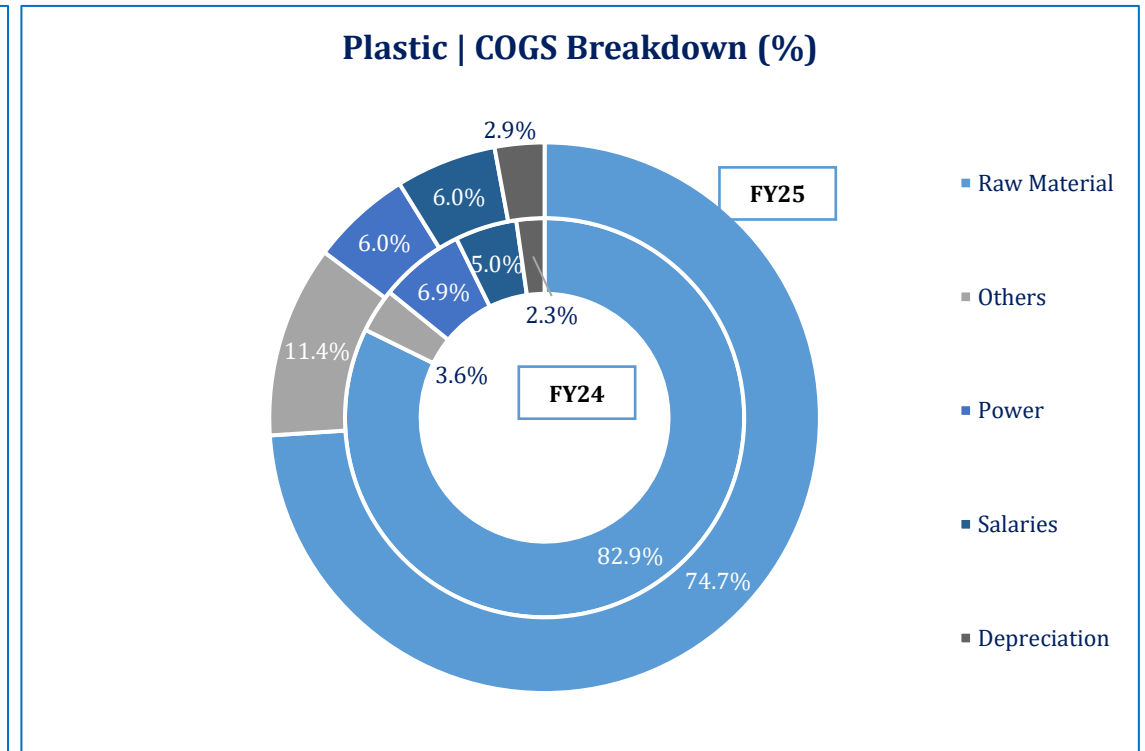
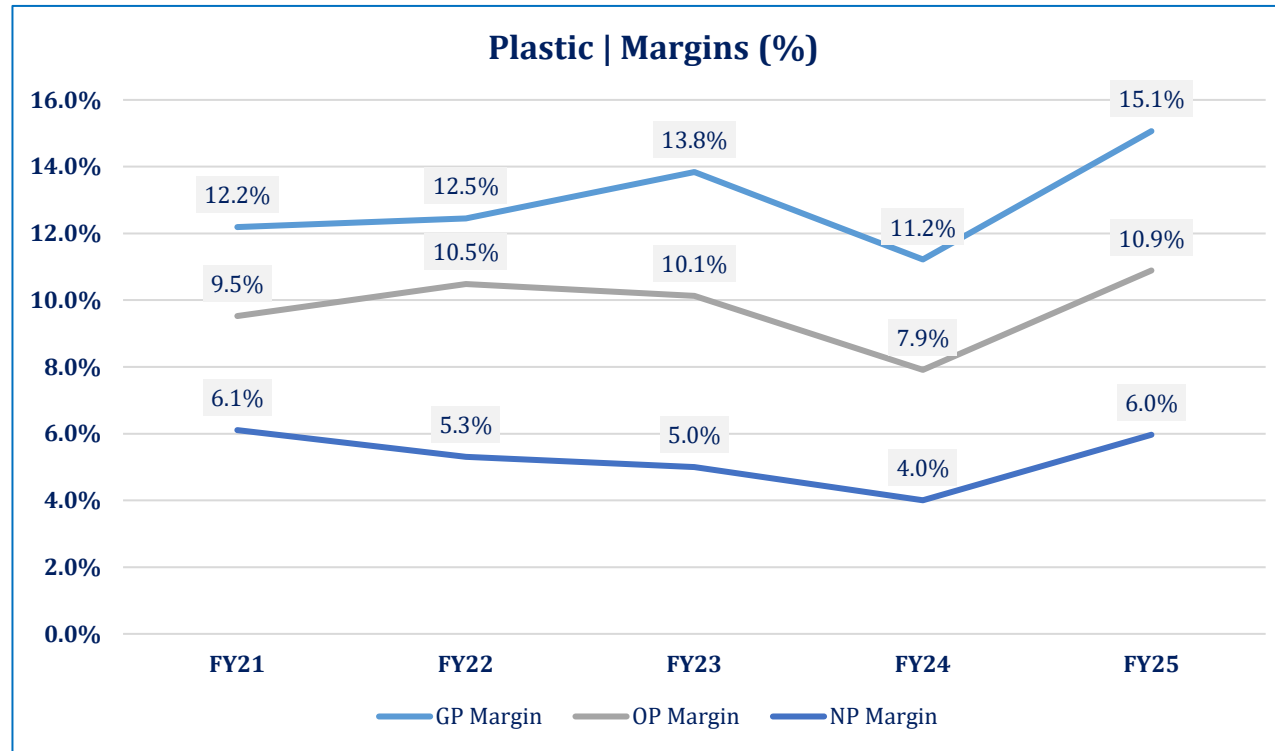
- Pakistan's PET Resin imports rebounded from a low of USD~626.7Mn in FY24 to USD~709.6Mn in FY25, a 13.2% YoY increase that reflects early signs of stabilization driven partly by lower global oil prices reducing PET resin costs. The CAGR for FY21-25 remained modest at ~1.3%. In volumetric terms, imports recorded a YoY increase of ~12.1% to ~0.7Mn MT (FY24: 0.6Mn MT).
- The average oil prices fell in FY25 to clock in at PKR~19,884.2/bbl (PKR~23,764.7/bbl). PET import prices followed a similar trend falling to PKR~287.1/kg in the period (FY24: PKR~295.9/kg). The gradual decrease came on the back of continuously expanding global supply (mainly driven by OPEC+ increases) while demand growth lagged behind, especially in China due to economic concerns and rising EV (Electric Vehicle) adoption.
- Pakistan remains largely reliant on imported PET resin due to limited domestic production, mainly from two producers; Pakistan Synthetics Limited and Ecopack Limited. Consequently, global price trends and supplier dynamics (particularly from China, Thailand and Malaysia, which are Pakistan's largest PET resin exporters) continue to shape import behavior.



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Margins | Plastic

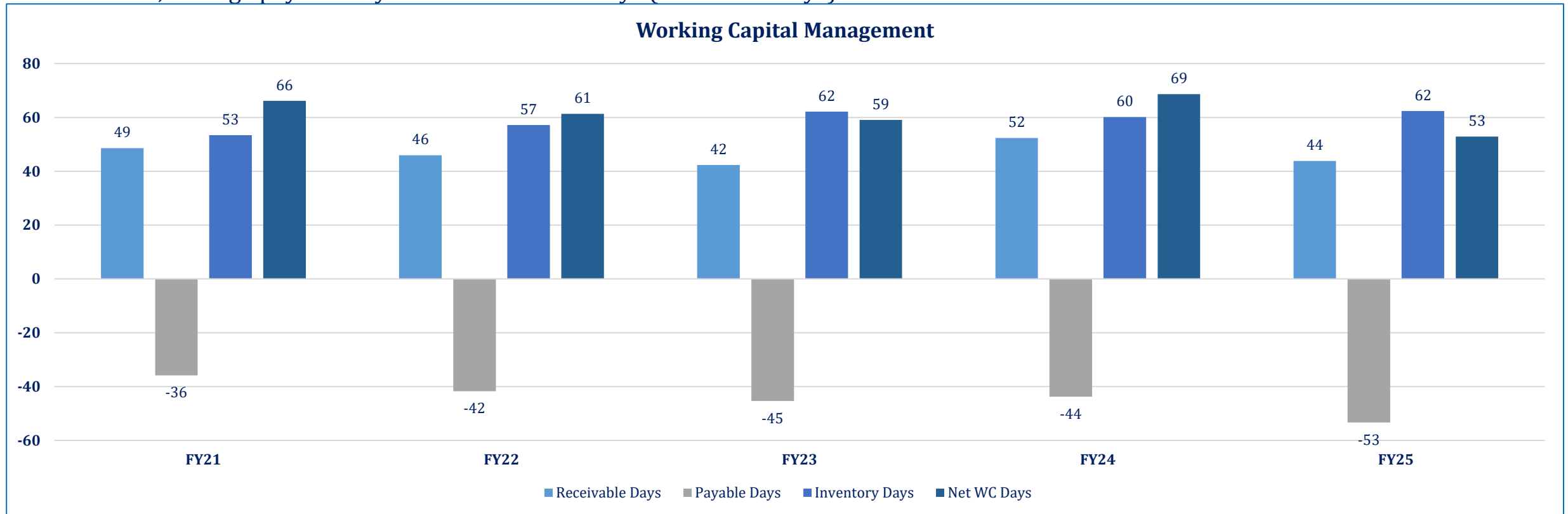
- Margins for the Plastic segment saw an upward trend in FY25. The gross margin grew to ~15.1% (FY24: ~11.2%), mainly on the back of ~18.2% rise in sales revenue because of higher sales volume, while the COGS rose by ~17.5% YoY. Operating margins for the period stood at ~10.9% (FY24: ~7.9%). Net margins also rose to ~6.0% (FY24: ~4.0%), as the finance costs declined by ~20.2% YoY.
- The segment's direct costs primarily consist of imported raw cellulose, coal, natural gas and crude oil, which collectively accounted for approximately 74.7% (FY24: ~82.9%) of the cost of sales in FY25. As a result, fluctuations in exchange rates and global commodity prices have a direct impact on production costs and, consequently, the segment's profitability



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Financial Risk | Plastic

- The segment's working capital requirements are mainly driven by inventory and trade receivables. These are financed through a mix of short-term borrowings and internal funds. In FY25, the average working capital days of the segment contracted to ~53 days (FY24: ~69 days).
- Average inventory days increased to ~62 days (FY24: ~60 days), whereas average receivable days fell to ~44 days (FY24: ~52 days). Meanwhile, average payable days increased to ~53 days (FY24: ~44 days).

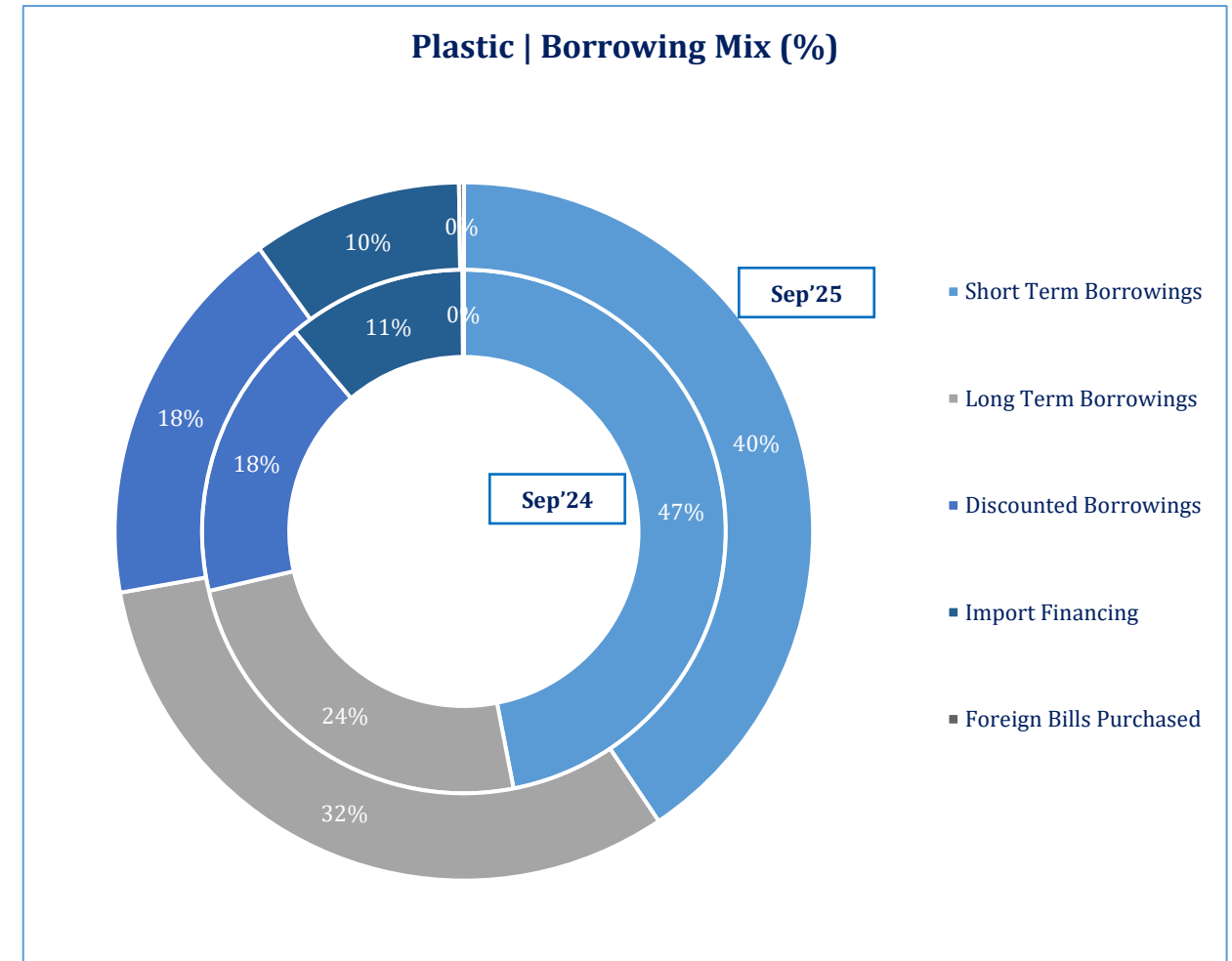


Note: Working capital cycle is representative of ~8 PACRA rated/listed companies

Paper & Packaging

Financial Risk | Plastic | Borrowings

- The segment's overall borrowings stood at PKR~64.8Bn, up ~5.8% YoY as of End-Sept'25 (SPLY: PKR~61.3Bn).
- Short-term borrowings have the largest share among the sector's total borrowings as of End-Sept'26. However, as of End-Sept'25, short-term borrowings were down ~8.6% and were recorded at PKR~26.3Bn (SPLY: PKR~28.8Bn).
- Long-term borrowings (LTBs) increased by ~37.1% to PKR~20.5Bn and held a share of ~31.6% in overall borrowings, rising from ~24.4% in the same period last year.
- Discounted borrowing (LTFF & EFS) stood at PKR~11.6Bn (SPLY: PKR~10.7Bn), up ~8.0% YoY, and held a share of ~17.9% in the overall borrowing mix.
- Meanwhile, import financing stood at PKR~6.3Bn (SPLY: PKR~6.8Bn), down ~7.1% YoY, as of end-Sep'25, and held ~9.7% share in the total borrowing mix during the period.



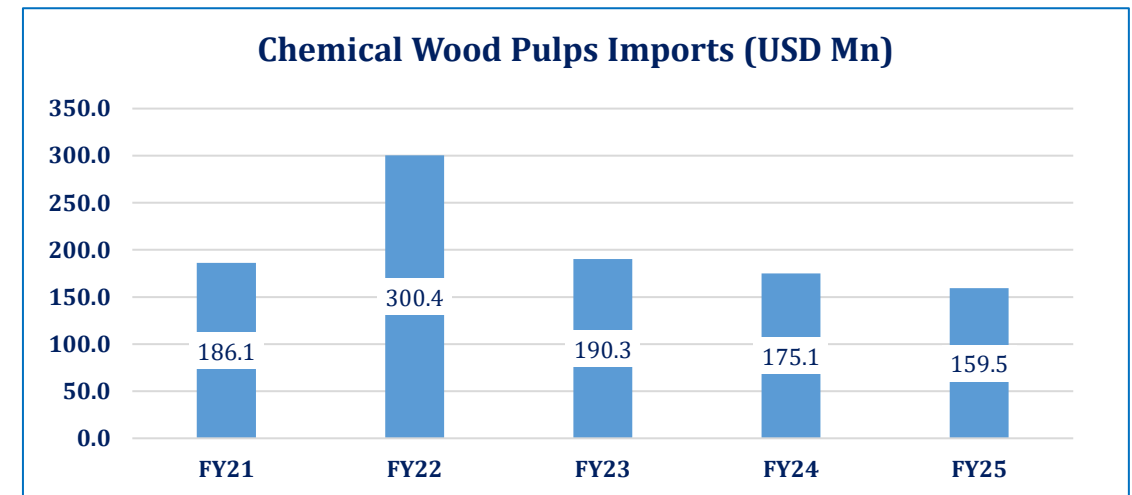
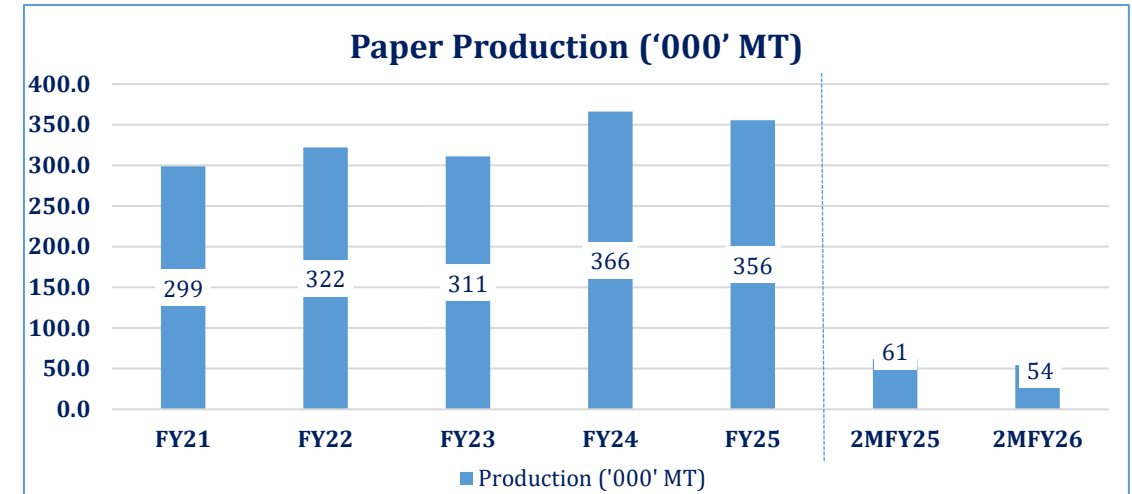
Paper Packaging



Paper & Packaging

Business Risk | Paper

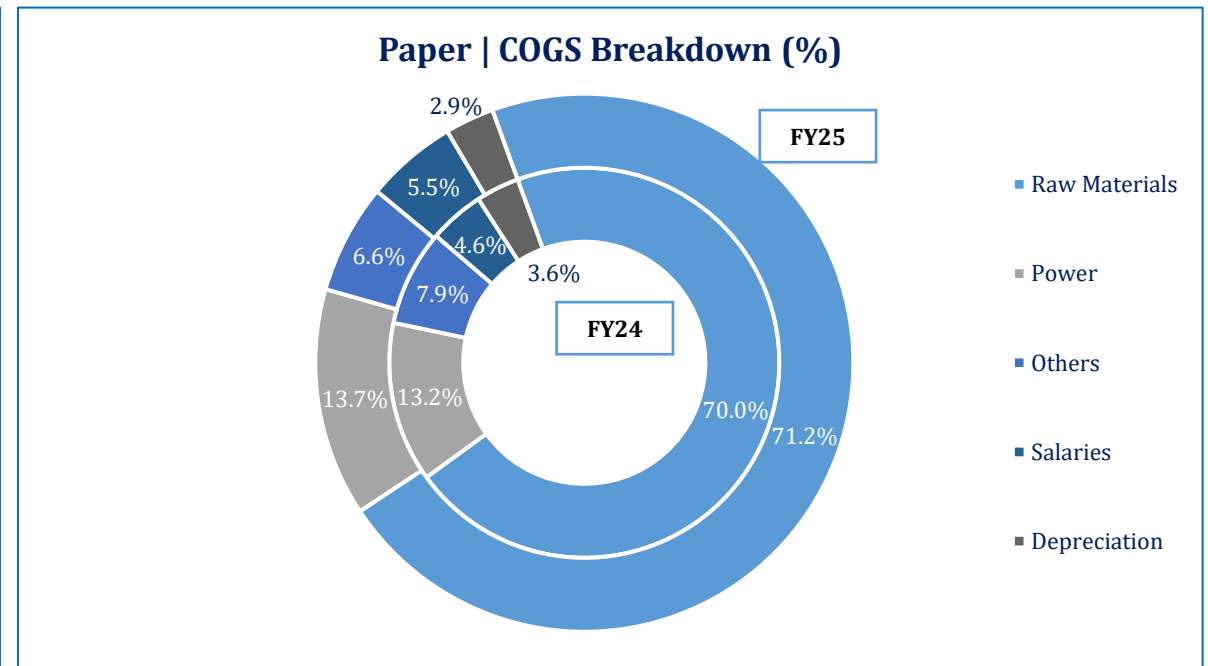
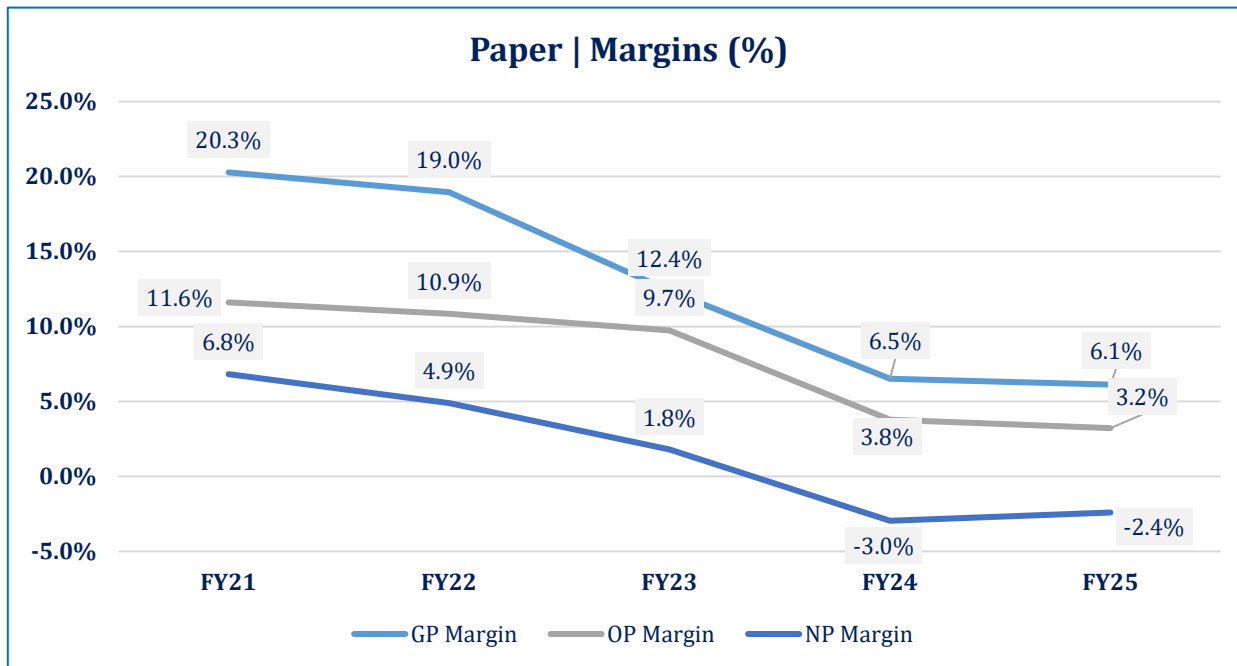
- Over FY21–FY25, the Paper Packaging segment has remained largely stable in terms of production levels. Growth is supported by rising demand for sustainable packaging and tighter environmental regulations, including EPR, which favor recyclable fiber-based materials. Advances in barrier coatings (e.g., bio-based and nano-cellulose) are improving paper’s functional performance, while digital printing and small-batch production are enhancing supply-chain flexibility and boosting the appeal of customized paper packaging solutions.
- The production level of Paper over the last five years has a CAGR of ~3.5%. This reflects the stable demand of the segment as it makes up a significant portion of overall Paper and board production. The production of Paper decreased marginally by ~2.9% YoY in FY25 to ~355,513MT from ~366,267MT in FY24. Production declined to ~54,435MT as of 2MFY26 (2MFY25: ~61,464MT).
- Chemical wood pulp serves as a primary raw material in the manufacturing of paper packaging. The imports of wood pulp decreased by ~8.9% YoY during FY24, with value imported clocking in at USD~159.5Mn (FY25: USD~175.1Mn), as paper producers are increasingly shifting toward non-wood fibers and agricultural residues.



Paper & Packaging

Margins | Paper

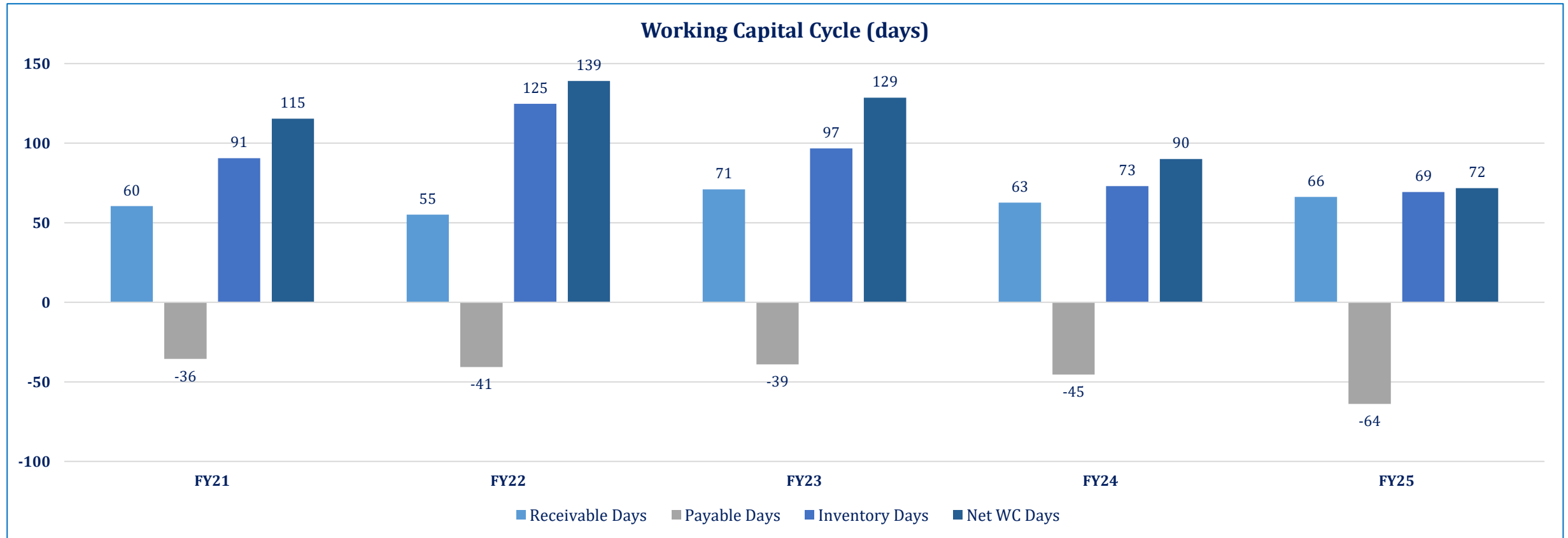
- During FY25, there has been a ~9.4% YoY decline in the segment’s sales revenue, while the cost of sales also declined for the same period by ~7.6%. The average gross margins dropped to ~6.1% in FY25 (FY24: ~7.6%) and remains low.
- Operating margins declined to ~3.2% in FY25 (FY24: ~4.4%), while the net margins remained negative ~2.4% (FY24: negative ~3.5%) as the sector continued to post losses. During the year, finance costs decreased by ~22.9%.
- The segment’s direct costs are primarily driven by imported raw materials, including wood pulp, fibers, cellulose, and cotton. Together, raw materials made up ~71.2% of the total cost incurred by the segment during FY25 (FY24: ~70.0%). Changes in exchange rates and global market prices directly influence these costs.



Paper & Packaging

Financial Risk | Paper

- In FY25, the average working capital days of the segment declined to ~72 days (FY24: ~90 days). Average inventory days also fell to ~69 days (FY24: ~73 days), while average receivable days expanded to ~66 days (FY24: ~63 days). Meanwhile, average payable days also increased to ~64 days (FY24: ~45 days).

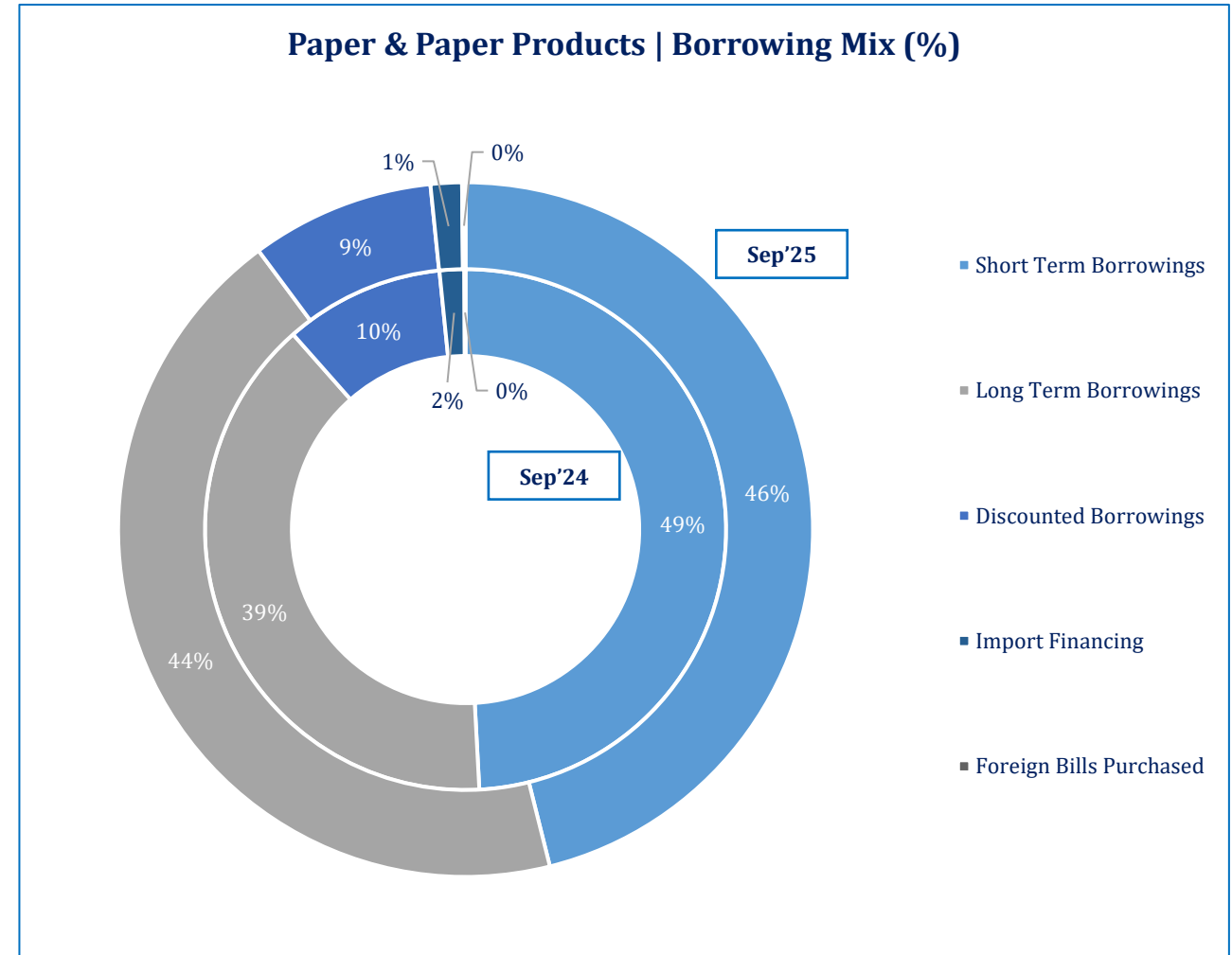


Note: Working capital cycle is representative of ~10 PACRA rated/ listed companies.

Paper & Packaging

Financial Risk | Borrowings

- As of End-Sep'25, the segment's overall borrowings stood at PKR~148.5Bn, up ~12.3% YoY (SPLY: PKR~132.2Bn).
- Short-term borrowings (STBs) stood at PKR~68.4Bn, up ~5.3% YoY, and held the largest share in the segment's borrowing mix at ~46.1% (SPLY: ~49.2%).
- Long-term borrowings (LTBs) stood at PKR~64.9Bn, up ~24.9% YoY, and held a share of ~43.7% in the overall borrowing mix of the segment (SPLY: ~39.3%).
- Discounted borrowings (LTFF & EFS) stood at PKR~12.7Bn (SPLY: PKR~13.1Bn), down ~3.2% YoY and held a share of ~8.5% in the overall borrowing mix.
- Meanwhile, import financing stood at PKR~2.2Bn (SPLY: PKR~2.0Bn), up ~6.7% YoY as of End-Sep'25, and held ~1.5% share in the total borrowing mix during the period.



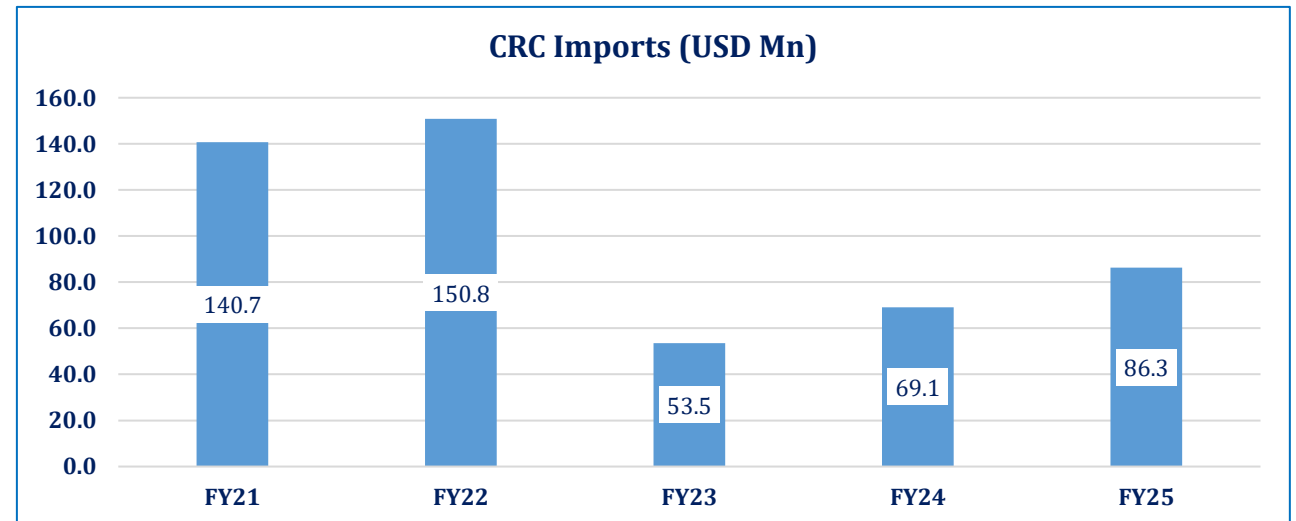
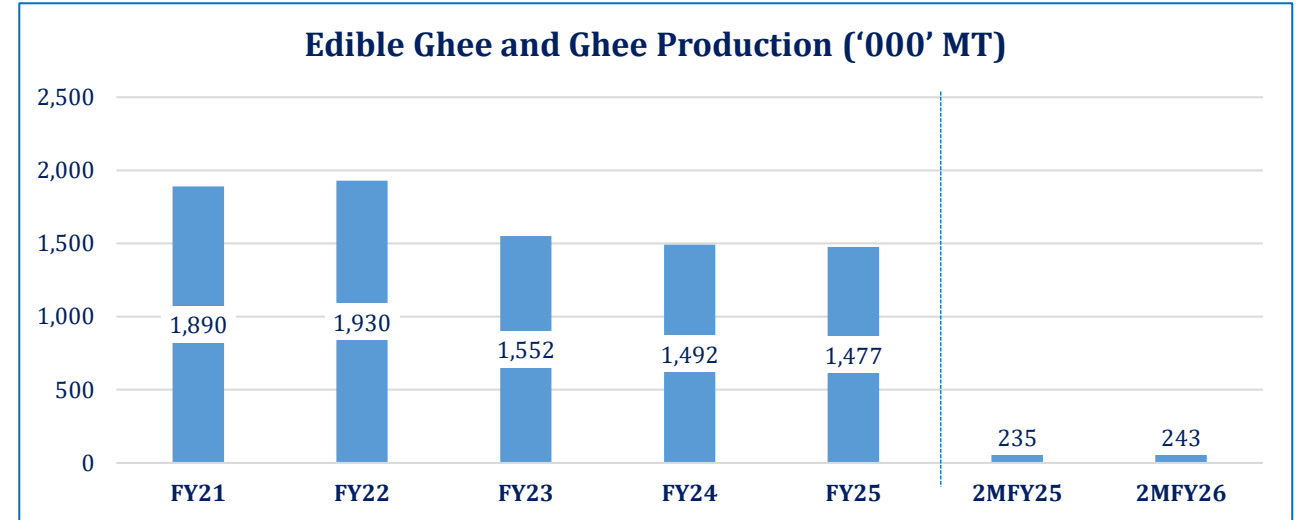
Tinplate Packaging



Paper & Packaging

Business Risk | Tinplate

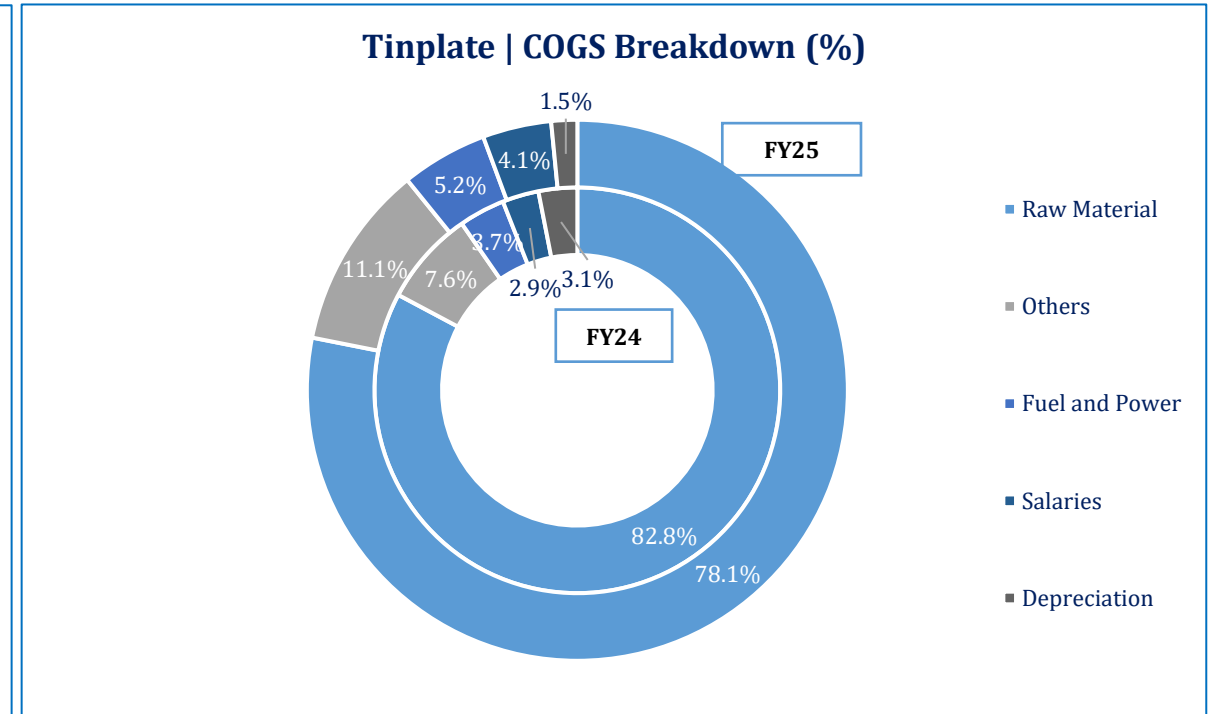
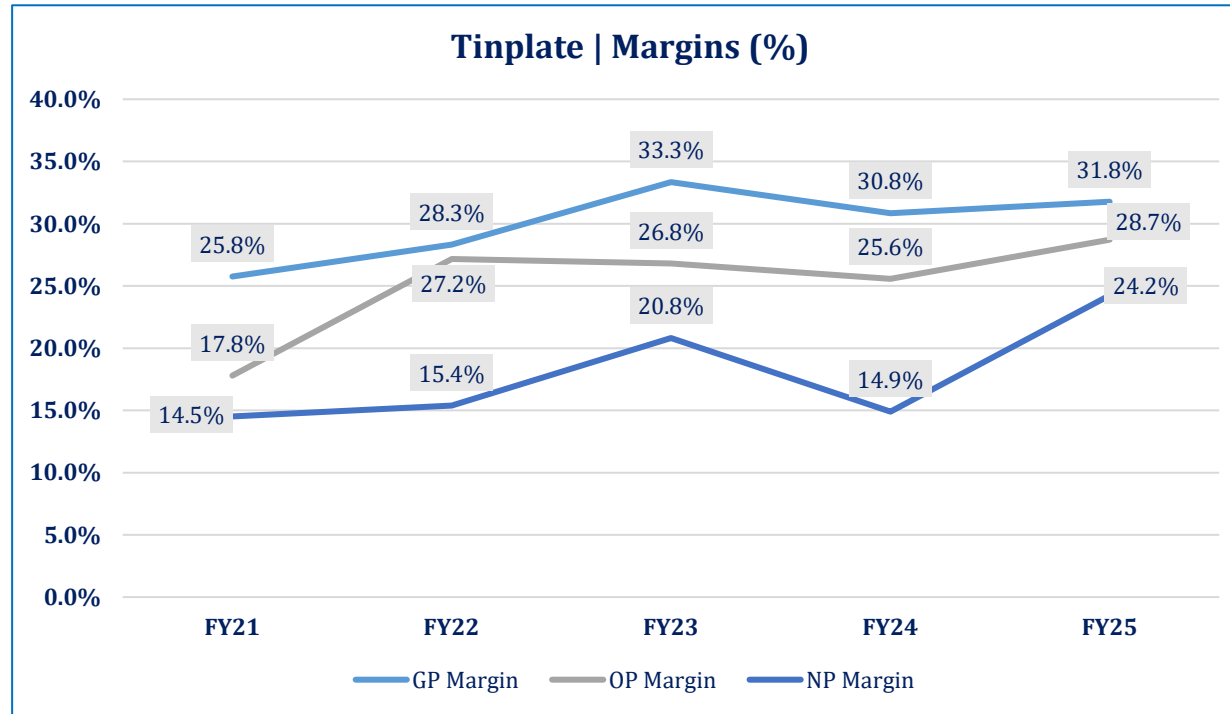
- The edible oil and ghee industries are two of the main demand drivers for the Tinplate Packaging segment. The production levels of ghee and edible oil for the previous five years (FY20-FY25) as displayed in the adjacent graph, depict a CAGR of ~4.5%. Production declined slightly by ~1.0% YoY to settle at ~1.5Mn MT. It increased slightly to ~243,495MT in 2MFY26 (2MFY25: ~235,431MT)
- In Pakistan, the two main domestic producers of tinplate are Siddiqsons Tin Plate Limited and Pakistan Aluminum Beverage Cans Limited. The National Tariff Commission (NTC) has imposed anti-dumping duties on tinplate imports from China, South Africa, the EU, and the USA, which has provided Siddiqsons with some level of protection against unfairly priced imports.
- The imports of CRC (Cold Rolled Coil) have been volatile in previous periods. Since FY21, the imports have dropped from USD~140.7Mn to USD~69.1Mn in FY24. However, during FY25 the imports increased to USD~86.3Mn, a YoY increase of ~24.9%. CRC imports in Pakistan increased in FY25 due to weaker local production, strong demand from the packaging sector, reliance on imported CRC for certain grades, and constrained domestic capacity for flat steel.
- The National Tariff Commission (NTC) imposed an anti-dumping duty of ~14% on CRC imports from Canada and Russia in FY21 for an initial period of five years, which was later maintained after a sunset review, while anti-dumping duties on imports from China were already in effect.



Paper & Packaging

Margins | Tinplate

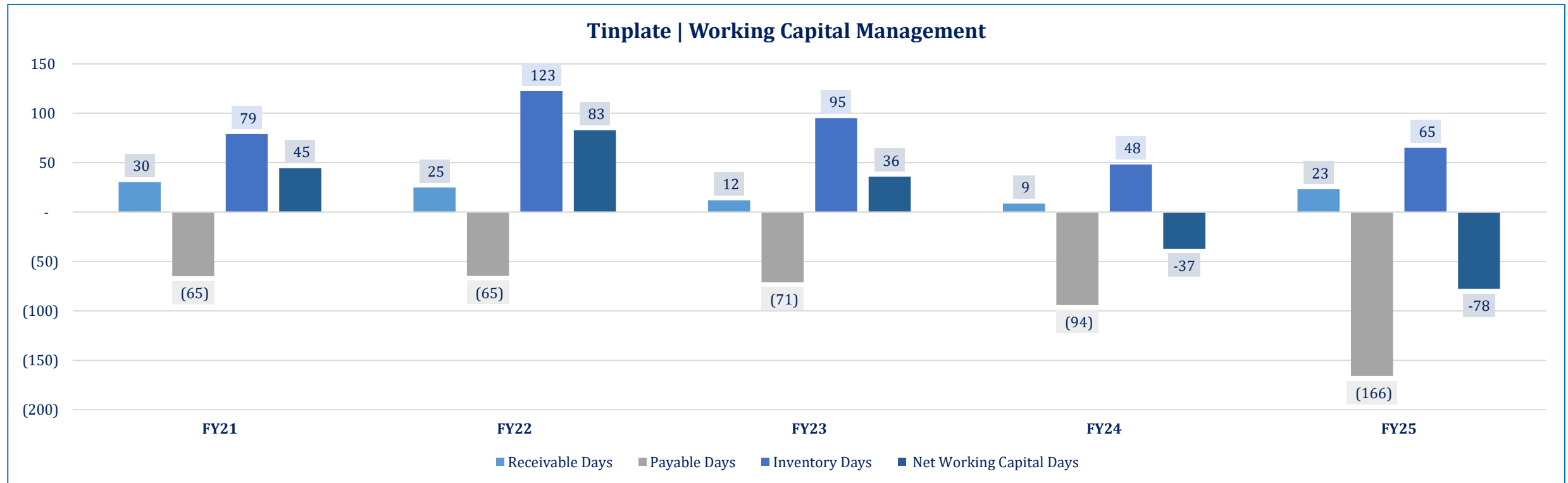
- During FY25, the segment's revenue grew by ~10.8% YoY (FY24: ~12.5%), while the cost of sales rose by ~9.3% YoY. Consequently, the average gross margin stood at ~31.8% in FY25 (FY24: ~30.8%). Operating profit was recorded at ~28.7% in FY25 (FY24: ~25.6%), while the net profit also rose to ~24.2% (FY24: ~14.9%) primarily due to a ~22.4% decrease in finance costs during the period. Margins remained positive as the sector's major player continues to benefit from a 10-year tax exemption under the Special Economic Zone (SEZ) Act 2012.
- The segment's direct costs are dominated by imported raw materials, (primarily CRC) which account for ~78.1% of total COGS (FY24: ~82.8%), significantly influencing production costs and profitability.



Paper & Packaging

Financial Risk | Tinplate

- The Tinplate Packaging segment exhibited a decline in its working capital cycle, with average net working capital days decreasing to ~-78 days at the end of FY25 as compared to ~-37 days at the end of FY24. This was on the back of high payable days, which rose from ~94 days in FY24 to ~166 days in FY25. Inventory days for the period were recorded at ~65 days (FY24: ~48 days), while average receivable days increased to ~23 days (FY24: ~9 days).



Note: The working capital cycle for FY25 is representative of 2 listed company.

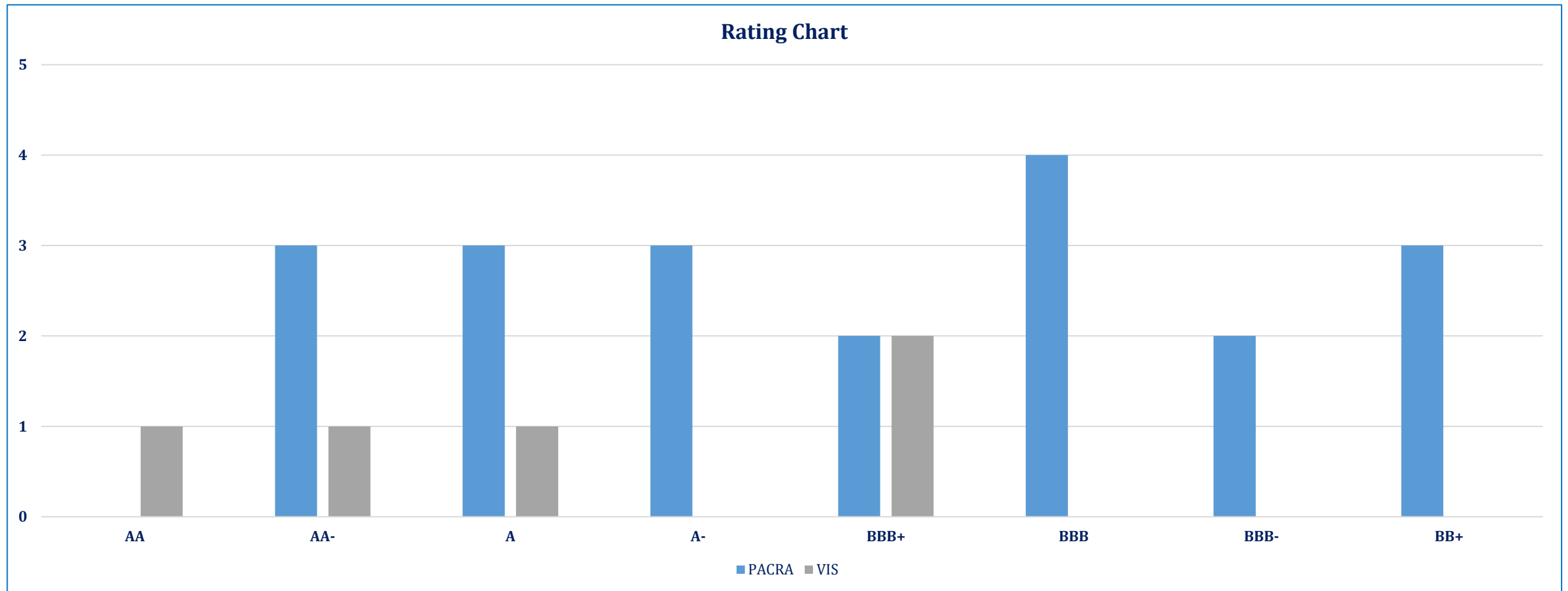
Paper & Packaging

Duty Structure

HS Code	Description	Additional Customs Duty		Customs Duty		Regulatory Duty		Total	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
7209.2890 7209.1690	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated.	2.0%	0.0%	11.0%	10.0%	10.0%	5.0%	23.0%	15.0%
3901.1000 3901.2000	Polymers of ethylene, in primary forms.	2.0%	2.0%	3.0%	0.0%	0.0%	0.0%	5.0%	2.0%
3923.1000	Articles for the conveyance or packing of goods, of Plastics; stoppers, lids, caps, and other closures, of Plastics.	6.0%	4.0%	20.0%	20.0%	15.0%	15.0%	41.0%	39.0%
4703.2100 4707.2090	Wood Pulp (Mechanical, Chemical & Other). Others.	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%
4707.2090		6.0%	4.0%	20.0%	20.0%	0.0%	0.0%	26.0%	24.0%
4819.1000 4819.2000	Cartons, boxes, cases, bags, and other packing containers of Paper, Paperboard.	4.0%	2.0%	16.0%	15.0%	0.0%	0.0%	20.0%	17.0%
8007.0010	Tinplate, Sheets or Strips.	2.0%	0.0%	3.0%	0.0%	0.0%	0.0%	5.0%	0.0%

Rating Curve

PACRA rates 21 entities in the Sector, with their long-term credit rating ranging from BB+ to AA category.



Paper & Packaging

SWOT

- Highly diversified product mix.
- Government support for local manufacturers in the form of import duties.
- Availability of low-cost labor.
- Increasing trends of urbanization, consumerism, and e-commerce.

- Increase in exchange rate and volatility of imported raw material prices.
- Increasing awareness regarding harmful environmental impacts of Plastic packaging.
- Regulatory tightening (EPR, emissions, water use) may raise compliance costs.



- Absence of an industry association for the overall packaging industry.
- Decline in per capita income and high level of inflation, thus reducing the purchasing power of end consumers.
- Higher reliance on imported inputs.

- Conversion from glass to PET bottles in the beverage industry.
- Opportunity for innovation to move towards more environmentally friendly packaging solutions.

Paper & Packaging

Outlook

Plastic | Stable

- As sustainability pressures grow, Pakistan's plastic industry is expected to gradually move toward alternative packaging materials such as paper, jute, and biodegradable options, reducing the segments demand.
- With stricter FY25 crackdowns on single-use plastics, regulatory pressure is pushing consumers and businesses to adopt alternative packaging materials much faster than before.
- Despite this, during FY25, the sector's gross revenue grew by ~18.2% YoY (FY24: ~6.1% YoY) while costs rose ~9.5% YoY (FY24: ~7.9%).
- The sector continued to grow despite stricter regulations because many businesses and retailers either lacked awareness or faced minimal penalties, allowing plastic packaging to remain widely used in day-to-day commerce.
- Imported raw cellulose, coal, natural gas, and crude oil make up ~74.7% of the segment's total cost of sales. Fluctuations in exchange rates and global commodity prices significantly affect the segment's production costs and profitability. Ongoing geopolitical tensions (Russia-Ukraine War) and potential changes in domestic regulations contribute to uncertainty, while OPEC+'s recent decision to increase production is expected to ease oil prices and partially reduce cost pressures.

Paper | Negative

- Over the past five years, paper production has grown at a CAGR of ~3.5%, highlighting the segment's stability within overall paper and board manufacturing. In FY25, production dipped slightly by ~2.9% YoY to ~355,513 MT from ~366,267 MT in FY24.
- Many multinational companies have already shifted from plastic to paper packaging, and local stores are beginning to follow. Companies are increasingly investing in more reliable and durable paper packaging solutions.
- During FY25, there has been a ~9.4% YoY decline in the segment's sales revenue. The average gross margins dropped to ~6.1% in FY25 (FY24: ~3.2%%). Lesser imports of chemical wood pulp was seen in FY25, reflecting a gradual shift in Pakistan away from wood pulp as the main raw material for paper.
- Rising e-commerce and regulatory support for sustainable packaging are expected to significantly boost demand for paper and paper-based packaging in Pakistan, particularly for corrugated boxes, cartons and other environmentally friendly packaging solutions. Nevertheless, these positive demand drivers remain insufficient to offset prevailing pressures.

Tinplate | Stable

- The Tinplate Packaging segment in Pakistan is primarily supported by demand from the edible oil and ghee industries.
- Over FY20–FY25, production of ghee and edible oil showed a CAGR of ~4.5%, with minor fluctuations, including a ~1.0% YoY decline in FY25 to ~1.5Mn MT and a slight increase to ~243,495MT in 2MFY26.
- Raw materials such as aluminum, tin, and steel remain expensive, making tinplate packaging costlier; however, its strength, durability, and premium appeal are driving wider market adoption.
- This is the reason for the continuous rise in revenue as seen during 9MFY25, where the sector's gross revenue grew by ~9.9% YoY while costs rose ~12.7% YoY, as compared to 9MFY24.
- Regulatory momentum is growing in Pakistan toward EPR frameworks and mandatory waste segregation, which could tighten sustainability demands on tinplate packaging. To stay ahead, local tinplate producers will likely need to invest in recycling infrastructure and design-for-recycling solutions.

Paper & Packaging

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- Company Financials
- UN Comtrade
- Trade Map
- Globe Newswire
- PACRA database

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