



**RATING ACTION**

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**PACRA MAINTAINS THE ENTITY RATINGS OF PACKAGES LIMITED**

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Packages Limited (PL) at **AA** (Double A) and **A1+** (A One Plus) respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the company's established position in the country's paper and packaging industry supported by a well-conceived business strategy and an experienced management team. Meanwhile, the company's core margins are expected to remain under pressure owing to gestation phase of ongoing capacity expansion. However, the company's cashflows would continue to benefit from dividend stream from investments. Although the leveraging has increased, the company's capital structure and risk absorption capacity is supported by significant surplus on its strategic investments.

**About the Company:** Packages Limited, a joint venture between Ali Group of Pakistan and Akerlund & Rausing of Sweden, was established in 1957. The company is listed on all three stock exchanges. Packages is a vertically integrated company having its own paper and paperboard mill. The company has five key product lines; 1) flexible (contributing 30% towards revenue in 2007), 2) paper & paperboard (22%), 3) carton (18%), 4) corrugated (18%), and 5) Tissue (12%). The BoD of Packages, comprising ten members with diversified background and relative expertise, is a key source of guidance to the management. The present Managing Director has worked in the company in different capacities since 1987. He has done Masters in Science from the Institute of Paper Chemistry, and is assisted by a team of qualified and experienced professionals.

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PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

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