



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 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 of Packages Limited reflect its established position in the country’s paper and packaging industry, which has enabled it to enhance business volumes despite subdued macro-economic environment. Management’s proactive approach to de leverage the company’s balance sheet has eased pressure on its financial profile, thus augmenting the company’s risk absorption capacity. However, with newly installed capacities yet to reach optimal utilization, and Packages exposure to input cost volatility, margins are expected to remain under pressure in the near-term.

The ratings are dependent on Packages’ ability to effectively manage its business risk, while maintaining margins from its core operations. Meanwhile, continuation of regular dividend stream from its investments would remain critical. Going forward, the company’s ability to arrest downward pressure on margins while ensuring optimum utilization of expanded capacity in a timely manner would remain critical in improving cash flows of the company and maintaining its ratings.

About the Company: Packages Limited the flagship company of Ali Group (49%) was established in 1957. The company is listed on all three stock exchanges. Packages is vertically integrated with its own paper and paperboard mill. The company has five key product lines; (i) paper & paperboard, (ii) flexible packaging (iii) Carton, (iv) Corrugated, and (v) Tissue.

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 Mr. Syed Hyder Ali, a member of Ali family, has worked in the company in different capacities since 1987. He has done Masters in Science from the Institute of Paper Chemistry (Wisconsin, USA) and is assisted by a team of qualified and experienced professionals.

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