



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 reflect PL's leading market position in local paperboard, packaging and tissue industry mainly emanating from its established brand, efficient supply chain and long customer relationships. The company's business profile draws comfort from increasing business volumes, mainly in paperboard and packaging segments, further supported by rising gross margins. This is expected to lead improvement in overall capacity utilization, though energy shortage and fluctuation in cost and availability of raw material remain key challenges. The company is facing competition in establishing its foothold in paper segment. Nevertheless, financial profile is supported by low leveraged capital structure, improving cash flows from core business, and a stable dividend stream from its sound investment portfolio.

About the Company: Packages Limited the flagship company of Ali Group (49% ownership) 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 three key product lines; (i) Paper & paperboard, (ii) Packaging - Flexible packaging, Folding cartons & Corruwall products, and (iii) Consumer products mainly tissue papers.

The BoD of Packages, comprising ten members with diversified background and relative expertise, is a key source of guidance to the management. The 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 Paper Technology from the Institute of Paper Chemistry (Wisconsin, USA) and is assisted by a team of qualified and experienced professionals.

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The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

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