

MIRA INFORM REPORT

Report No. :	540536
Report Date :	26.11.2018

IDENTIFICATION DETAILS

Name :	PACKAGES LIMITED
Registered Office :	4 th Floor, The Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi
Country :	Pakistan
Financials (as on) :	2017 [Summarized]
Date of Incorporation :	1956
Com. Reg. No.:	0000792
Legal Form :	Limited Liability Company
Line of Business :	Subject is principally engaged in the manufacture and sale of paper, paperboard, packaging materials and tissue products
No. of Employees :	3,483

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	USD 996,595
Status :	Satisfactory
Payment Behaviour :	Slow and delayed
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Pakistan	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

PAKISTAN - ECONOMIC OVERVIEW

Decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan. Pakistan has a large English-speaking population, with English-language skills less prevalent outside urban centers. Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half of Pakistan's export earnings; Pakistan's failure to diversify its exports has left the country vulnerable to shifts in world demand. Pakistan's GDP growth has gradually increased since 2012, and was 5.3% in 2017. Official unemployment was 6% in 2017, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Human development continues to lag behind most of the region.

In 2013, Pakistan embarked on a \$6.3 billion IMF Extended Fund Facility, which focused on reducing energy shortages, stabilizing public finances, increasing revenue collection, and improving its balance of payments position. The program concluded in September 2016. Although Pakistan missed several structural reform criteria, it restored macroeconomic stability, improved its credit rating, and boosted growth. The Pakistani rupee has remained relatively stable against the US dollar since 2015, though it declined about 10% between November 2017 and March 2018. Balance of payments concerns have reemerged, however, as a result of a significant increase in imports and weak export and remittance growth.

Pakistan must continue to address several longstanding issues, including expanding investment in education, healthcare, and sanitation; adapting to the effects of climate change and natural disasters; improving the country's business environment; and widening the country's tax base. Given demographic challenges, Pakistan's leadership will be pressed to implement economic reforms, promote further development of the energy sector, and attract foreign investment to support sufficient economic growth necessary to employ its growing and rapidly urbanizing population, much of which is under the age of 25.

In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor" (CPEC) with \$60 billion in investments targeted towards energy and other infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term.

Source : CIA

COMPANY NAME

Business Name PACKAGES LIMITED

FULL ADDRESS

Registered Address

4th Floor, The Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton,
Karachi, Pakistan

Tel # 92 (21) 35874047, 35874048, 35874049

Fax # 92 (21) 35860251

Website www.packages.com.pk

HEAD OFFICE

Address Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan

Tel # 92 (42) 35811541, 46, 35811191, 94

Fax # 92 (42) 35811195, 35820147

FACTORY LOCATION

Address Plot No. 6 & 6/1, Sector 28, Korangi Industrial Area, Karachi, Pakistan

Tel # 92 (21) 35045320, 35045310

Fax # 92 (21) 35045330

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|---------------------------|---|
| a. | Nature of Business | Engaged in the manufacture & sale of paper, paperboard, packaging materials and tissue products |
| b. | Year Established | 1956 |
| c. | Registration # | 0000792 |

AUDITORS

A.F. Ferguson & Co.

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(Chartered Accountants)

LEGAL STATUS

The Company is a limited liability company incorporated in Pakistan and is listed at Pakistan Stock Exchange

DETAILS OF MANAGEMENT

Names	Designation
Mr. Towfiq Habib Chinoy	Chairman
Mr. Syed Hyder Ali	Chief Executive & Managing Director
Mr. Rizwan Ghani	Executive Director
Mr. Jari Latvanen	Director
Mr. Josef Meinrad Mueller	Director
Mr. Muhammad Aurangzeb	Director
Mr. Shamim Ahmad Khan	Director
Mr. Syed Aslam Mehdi	Director
Mr. Syed Shahid Ali	Director
Mr. Tariq Iqbal Khan	Director

CATEGORIES OF SHARE HOLDERS

Categories	Percentage (%)
Directors, Chief Executive Officer, and their spouse & minor children	2.6
Associated Companies, undertakings and related parties	32.42
Banks, Development Financial Institutions, Non Banking Financial Institutions	3.08

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PACKAGES LIMITED - 540536

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Insurance Companies	6.72
Modarabas and Mutual Funds	16.39
General Public	
• Local	22.05
• Foreign	7.93
Other	8.75

ASSOCIATES

A. SUBSIDIARY

- (1) DIC Pakistan Limited.
- (2) Bulleh Shah Packaging (Pvt) Limited.
- (3) Packages Lanka (Pvt) Limited.
- (4) Linnaea Holding Inc.
- (5) Chantier Packages Inc.
- (6) Packages Construction (Pvt) Limited.
- (7) Packages Power (Pvt) Limited.
- (8) Anemone Holdings Limited.
- (9) Flexible Packages Convertors.

B. ASSOCIATED COMPANIES

- (1) International General Insurance Co. of Pakistan Limited, Pakistan.
- (2) Treet Corporation Limited, Pakistan.
- (3) Loads limited, Pakistan.
- (4) Treet Packages Limited, Pakistan.
- (5) Orient Match Company Limited, Pakistan.

BUSINESS ACTIVITIES

Principally engaged in the manufacture and sale of paper, paperboard, packaging materials and tissue products

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NUMBER OF EMPLOYEES

3,483

CAPACITY & PRODUCTION - TONS

	Capacity		Actual Production	
	2017	2016	2017	2016
Paper and paperboard produced - tons	281,400	41,400	65,832	14,353
Paper and paperboard converted - tons	50,800	50,800	36,890	36,890
Plastics all sorts converted - tons	43,700	43,700	20,995	36,621
Inks produced – tons	15,194	13,158	9,925	9,649
Flexible Packaging – meters '000'	90,000	90,000	79,658	72,726
Corrugator	96,000	---	21,904	---

NOTE:

The variance of actual production from capacity is primarily on account of the product mix.

ANNUAL SALES VOLUME

Years	In Pak Rupees
2016	19,793,529,000/-
2017	21,388,949,000/-

TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to China, Korea, Taiwan, European Countries, Japan & Singapore. Its global trade suppliers are Companies related to Raw Materials, Machineries

CUSTOMERS

Major customers are Distribution Companies, Private Companies, Retail & Wholesale Markets in all over Pakistan

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BANKERS

- (1) Allied Bank Limited, Pakistan.
- (2) Askari Bank Limited, Pakistan.
- (3) Bank Al-Habib Limited, Pakistan.
- (4) Bank Alfalah Limited, Pakistan.
- (5) Bank Islami Pakistan Limited, Pakistan.
- (6) Faysal Bank Limited, Pakistan.
- (7) Habib Bank Limited, Pakistan.
- (8) Habib Metropolitan Bank Limited, Pakistan.
- (9) MCB Bank Limited, Pakistan.
- (10) NIB Bank Limited, Pakistan.
- (11) Standard Chartered Bank, Pakistan.
- (12) United Bank Limited, Pakistan.
- (13) JS Bank Limited, Pakistan.
- (14) Samba Bank Limited, Pakistan.
- (15) Silk Bank Limited, Pakistan.
- (16) HSBC Bank Middle East Limited, Pakistan.
- (17) National Bank of Pakistan.
- (18) Citibank N.A., Pakistan.

OPERATIONAL REVIEW

Commensurately to the last year, our production did not collapse, it remained a smidgen high but fear of scarcity of cotton in the market induced the company procure it even at high rates and resort to import to replenish the gap. Such uncertainty resulted the company incur loss at the end; albeit the company produced more goods and earned more consideration. Despite loss, we maintained the chain of our loyal customers that would bode well for the company in future.

FUTURE OUTLOOK

The financial year 2018 would be a challenging one for the company to recuperate its financial sturdiness. Though the task seems difficult, yet the company is resolute to make good out of the worst. Besides, the government of Pakistan would have to introduce far-reaching policies to alleviate the concerns the textile sector had been highlighting over the years. Pakistan is the only country where the impact of duties, taxes and surcharges on export are exorbitantly high as compare to its competitors in the region. Government will have to launch beneficial policies to rejuvenate textile sector all over the world like, availability of quality cotton at mild pricing, slashing taxes, financing at concessional rates, prompt release of sales tax refund, relief in energy tariff, etc. Such measures would allow the textile sector make best use of its resources converting into healthy output.

FINANCIAL POSITION

Sound

MEMBERSHIPS

- KCCI
- FPCCI
- LCCI

COMMENTS

Subject Company is well known and the directors are reported as resourceful and experienced businessmen.

In view of current disturbed economic and political situation, we would advise to deal with all the business in Pakistan with some caution.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.18
UK Pound	1	INR 91.04
Euro	1	INR 81.19
PKR	1	INR 0.52

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)