



The Pakistan Credit Rating Agency Limited

## Rating Report

### ACT Wind (Pvt.) Limited

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#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
24-Dec-2020	A	A1	Stable	Maintain	-
26-Dec-2019	A	A1	Stable	Maintain	-
26-Jun-2019	A	A1	Stable	Upgrade	-
27-Dec-2018	A-	A2	Stable	Maintain	-
13-Jun-2018	A-	A2	Stable	Maintain	-
22-Dec-2017	A-	A2	Stable	Maintain	-
20-Jun-2017	A-	A2	Stable	Maintain	-
30-Dec-2016	A-	A2	Stable	Upgrade	-
01-Mar-2016	BBB+	A2	Stable	Initial	-

#### Rating Rationale and Key Rating Drivers

Tapal, Ismail, and Akhtar groups have set up a 30MW wind power plant – ACT Wind (Private) Limited. The ratings assigned take into account its strong ownership profile with Tapal Group, Ismail Group, and Akhtar Group, holding equal stake in the company. The commissioning of the plant was achieved on 7th October 2016. The project is established under the Policy for Development of Renewable Energy for Power Generation, 2006 which offers a guaranteed internal rate of return, cost indexation, and pass-through tariff structure. The project revenues and cash flows are exposed to two main risks. First; wind risk. Under the upfront tariff regime, any variability in wind speeds is to be borne by the Company, due to which its cash flows may face seasonality. However, historical wind speeds provide comfort that ACT Wind would be able to generate enough cash flows to keep its financial risk management. Second; operational risk. The Company has to maintain the plant's capacity factor at 31% annually. Company has to maintain its availability as per contract and is ready to deliver electricity to CPPA-G, CPPA-G is liable to pay the whole tariff even if no purchase is done. Comfort is drawn from Hydrochina – the O&M operator – having both international and local market experience. The Company has adequate insurance coverage. The company's reserve build-up mechanism through SBLC providing coverage of one time on its financial obligations till maturity provides comfort to the ratings. The Company has been paying dividends which in times of need is an internal source of liquidity available. Company is timely paying its debt instalments and did not avail any deferment facility, which provides comfort. As at end June'20 company has debt equity ratio of 59.5% (FY19: 68.5%). Ratings further draw comfort as the company is managing its working capital needs through internally generated cash flows while short-term borrowings are nil. The Government has signed MoU with the IPPs operating under the Power Policy of 2002 and 2006 to review the terms of legal and contractual agreements.

Upholding operational performance in line with agreed performance levels would remain a key rating driver. Improving build-up of DSRA from internal sources, indeed aligning, and company's repayment behavior with its financial profile would be ratings positive. Furthermore, external factors such as any adverse changes in the regulatory framework and weakening of financial profile owing to delays in cash flow receipts may impact the ratings.

#### Disclosure

Name of Rated Entity	ACT Wind (Pvt.) Limited
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	Methodology   IPP(Jun-20),Methodology   Correlation Between Long-Term And Short-Term Rating Scale(Jun-20),Criteria   Rating Modifier(Jun-20)
Related Research	Sector Study   Power(Jan-20)
Rating Analysts	Saadat Mirza   saadat.mirza@pacra.com   +92-42-35869504

**Profile**

**Plant** The 30MW wind farm is set up on a Build, Own, and Operate (BOO) basis over 197 acres of land near Jhimpur village of Sindh. ACT Wind is a Renewable Energy Independent Power Producer (RE IPP) operating under the Renewable Energy Policy 2006 by the Alternative Energy Development Board (AEDB).

**Tariff** ACT WIND opted for the Upfront Tariff for Wind Power Projects by NEPRA. Under the 2013 NEPRA tariff determination for wind IPPs, the Company has a generation tariff (levelized tariff for years 1-20) of US¢ 16.6932 (PKR 16,2926) per Kilowatt hour (KWh) at the time of the financial close. The O&M, ROE, and interest components of the tariff are adjustable with the exchange rate and KIBOR on a quarterly basis, and insurance is adjustable on an annual basis. Upon COD of the project, the Company filed for tariff adjustment, adjustable on an annual basis. Upon COD of the project, the Company filed for tariff adjustment. On 9th November 2016, the new levelized tariff was adjusted upwards to PKR 18.45 per KWh. In November 2020 the revised tariff of company is PKR 24,172 per KWh.

**Return On Project** ACT WIND's key source of earnings is the revenue generated through the sale of electricity to the power purchaser, NTDC. The tariff is indexed to the Pakistan Rupee-US Dollar exchange rate and US CPI inflation. Debt Servicing comprises the non-escalable component while ROE, Insurance, Fixed and Variable O&M costs are part of the escalable component. The IRR of the project, as agreed with NEPRA, is 17%.

**Ownership**

**Ownership Structure** ACT WIND is equally owned by three groups; Tapal Group (33%), Ismail Group (33%), and Akhtar Group (33%).

**Stability** Stability in the IPPs is drawn from the agreements signed between the company and power purchaser. The stability factor is considered strong.

**Business Acumen** The Tapal group is engaged in marketing of industrial plants and properties including power plant system, process plants and equipment, and mechanical and electrical products. The group has experience in power generation through TEL – a 126MW Residual Furnace Oil-based power plant that provides electricity to K-Electric. Ismail Industries Limited, one of the country's largest consumer goods company. It manufactures a wide range of confectionery; biscuits, snacks, and packaging films under the brand names of Candyland, Bisconni, SnackCity and Astro Films respectively. Akhtar group is engaged in the business of denim manufacturing through Akhtar Textile Industries (Private) Limited. The group is primarily engaged in textile and related products.

**Financial Strength** Company's sponsors have the ability to support the entity both on a continuing basis, and support in times of crisis. Additionally, financial strength of the sponsors is considered strong as the sponsors have well diversified profitable businesses.

**Governance**

**Board Structure** BoD comprises nine members including the CEO. Each sponsor has three representatives on the Board.

**Members' Profile** Mr. Maqsood Ismail is currently the Chairman of the board. The Chairman shall be nominated on rotation from each Group for a term of two years commencing from the first BoD meeting. The next chairman will be from Akhtar Group, followed by one from Tapal Group. The board has a vast experience in various sectors including but not limited to finance, accounting, project management, and construction and manufacturing.

**Board Effectiveness** Company's board members conduct board discussions where important matters related to the plant's efficiency, and monthly budget are discussed.

**Financial Transparency** Company's external auditor, BDO Ebrahim & Co. ranked as "A" category auditor by SBP, expressed an unqualified opinion on the company's financial statements as at end-Jun19. Whereas the audit for the FY 2020 is in process.

**Management**

**Organizational Structure** IPPs are generally featured by a flat organizational structure, mainly comprising finance and technical staff, while the engineering, construction, and operations of the plant are outsourced.

**Management Team** Mr. Adnan Tapal, the CEO, has been spearheading the company since assuming the management control of the company. Mr. Tapal carries with him more than 18 years of experience in various fields of industry. He is supported by the experienced management team. The CEO shall be elected by the BoD on rotation from each Group for a term of two years. The next CEO will be from Ismail Group, followed by one from Akhtar Group.

**Effectiveness** Company's effective management played a significant role in empowering the organization through its progressive results. Additionally, management's effective decision-making cause processes more systematic while the robustness of control systems is considered a reflection of strong management, which is positive.

**Control Environment** The company takes advantage of advanced I.T. solutions to deliver comparatively better on many fronts. Moreover, Companies' quality of the I.T. infrastructure and the breadth and depth of activities performed has remained well satisfactory.

**Operational Risk**

**Power Purchase Agreement** As per the agreement, if the plant is available at the contracted capacity of 31% and is ready to produce and sell electricity to CPPA-G, CPPA-G will be liable to pay the Company the whole of the tariff even if no purchase is done.

**Operation And Maintenance** ACT has negotiated O&M contract with HydroChina for a period of 10 years, which commenced from the COD in October 2016. HydroChina has extensive expertise in engineering, design, and operations of Renewable Energy projects both within and outside of China. It is already involved in various other wind power projects in Pakistan, thereby, giving it an enhanced learning curve in the country's alternative energy sector.

**Resource Risk** Resource variability risk is unique to the RE IPPs. As the wind farm's key resource is wind, it is exposed to wind risk. Wind risk as defined under RE policy 2006 as the risk of the variability of wind speed, and therefore of the effective energy output of the wind IPP. As per the Upfront Tariff, the entire risk related to wind variability would be absorbed by the ACT WIND.

**Insurance Cover** The company has adequate insurance coverage for property damage and business interruption.

**Performance Risk**

**Industry Dynamics** The government has devised a concrete plan to enhance share of renewable energy in the existing energy mix by 30 per cent till 2030. According to NEPRA, the wind power potential of Pakistan is 50,000MW with current installed capacity is 1,235MW and further of LOI 610 MW of wind energy, which have achieved financial close and 165MW power projects at different stages.

**Generation** During July-Nov 20, the net electrical output generated is 30,223 MWh (FY20: 64,762MWh) at a monthly average wind speed of 6.1 m/s (FY20: 6.2 m/s).

**Performance Benchmark** The contracted efficiency of the plant is 31% and availability has been set up to 88%. The plant has performed up to the mark with greater availability of and efficiency factor than of its set benchmark.

**Financial Risk**

**Financing Structure Analysis** Debt financing constitutes 75% of the project cost i.e. PKR 6,008mln. It is priced at 3-month KIBOR plus 3% p.a. The debt has a ten year repayment period, started from Apr'17, with payments to be made in twenty consecutive semiannual installments. DSRA account is being maintained by the company through SBLC that is equal to one upcoming principal and Interest payment. As at end-Jun 19, the principal of PKR 730mln has been paid while PKR 5,278mln is outstanding.

**Liquidity Profile** As at end-Jun20, total receivables of the company stood at ~PKR 1,838 mln (FY19: ~PKR 1,194mln), increase by ~54%. IPPs, being dependent on the GoP for payments, have been facing strained cash flows to meet their working capital needs.

**Working Capital Financing** The company is managing its working capital efficiently which is evident from its average cash cycle days (FY20: 227 days, FY19: 191 days). Working capital requirements are being managed through internal cash generation; during FY20 EBITDA is PKR 1,280mln whereas invested in working capital of PKR 709mln.

**Cash Flow Analysis** FCFO (FY20: PKR ~1,262mln, FY19: PKR ~1,698mln) of the company has reduced by ~26% owing to a decrease in EBITDA, which, in turn, has hit the coverages of the company [Interest coverage: FY20: 1.5x; FY19: 2.6x].

**Capitalization** The company has a leveraged capital structure and stood at ~59% at end-Jun 20 (FY19: ~68%).



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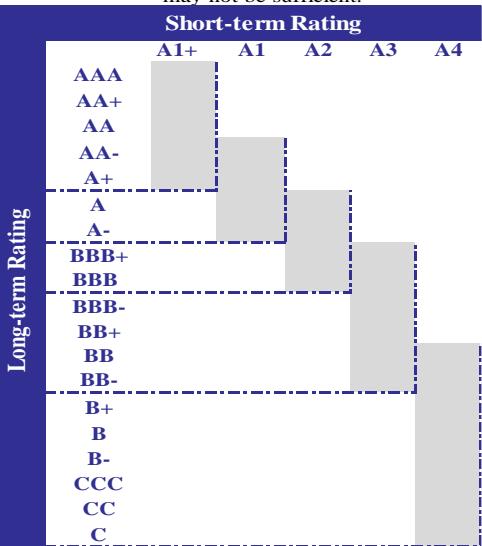
*Financial Summary  
PKR mln*

Act Wind (Pvt) Ltd				
	Jun-20 12M	Jun-19 12M	Jun-18 12M	Jun-17 12M
<b>A BALANCE SHEET</b>				
1 Non-Current Assets	6,003	6,373	6,740	7,107
2 Investments	446	0	216	401
3 Related Party Exposure	-	-	-	-
4 Current Assets	2,105	1,611	1,144	958
a Inventories	-	-	-	-
b Trade Receivables	1,838	1,194	917	675
<b>5 Total Assets</b>	<b>8,555</b>	<b>7,984</b>	<b>8,100</b>	<b>8,465</b>
6 Current Liabilities	240	269	159	275
a Trade Payables	45	45	45	179
7 Borrowings	4,945	5,279	5,543	5,751
8 Related Party Exposure	-	-	-	-
9 Non-Current Liabilities	4	3	2	1
<b>10 Net Assets</b>	<b>3,366</b>	<b>2,432</b>	<b>2,396</b>	<b>2,438</b>
<b>11 Shareholders' Equity</b>	<b>3,366</b>	<b>2,432</b>	<b>2,396</b>	<b>2,438</b>
<b>B INCOME STATEMENT</b>				
1 Sales	2,360	1,927	1,485	1,292
a Cost of Good Sold	(608)	(572)	(536)	(371)
<b>2 Gross Profit</b>	<b>1,752</b>	<b>1,355</b>	<b>948</b>	<b>921</b>
a Operating Expenses	(41)	(47)	(53)	(38)
<b>3 Operating Profit</b>	<b>1,712</b>	<b>1,308</b>	<b>895</b>	<b>883</b>
a Non Operating Income or (Expense)	52	43	44	2
<b>4 Profit or (Loss) before Interest and Tax</b>	<b>1,764</b>	<b>1,351</b>	<b>939</b>	<b>885</b>
a Total Finance Cost	(830)	(668)	(548)	(397)
b Taxation	-	(11)	(8)	(0)
<b>6 Net Income Or (Loss)</b>	<b>934</b>	<b>672</b>	<b>384</b>	<b>488</b>
<b>C CASH FLOW STATEMENT</b>				
a Free Cash Flows from Operations (FCFO)	1,262	1,698	1,262	1,161
b Net Cash from Operating Activities before Working Capital Changes	1,262	1,029	731	766
c Changes in Working Capital	(709)	(204)	(385)	(782)
<b>1 Net Cash provided by Operating Activities</b>	<b>553</b>	<b>826</b>	<b>346</b>	<b>(16)</b>
<b>2 Net Cash (Used in) or Available From Investing Activities</b>	<b>(421)</b>	<b>230</b>	<b>207</b>	<b>(844)</b>
<b>3 Net Cash (Used in) or Available From Financing Activities</b>	<b>(334)</b>	<b>(899)</b>	<b>(634)</b>	<b>1,020</b>
<b>4 Net Cash generated or (Used) during the period</b>	<b>(201)</b>	<b>157</b>	<b>(81)</b>	<b>160</b>
<b>D RATIO ANALYSIS</b>				
<b>1 Performance</b>				
a Sales Growth (for the period)	22.5%	29.8%	14.9%	--
b Gross Profit Margin	74.2%	70.3%	63.9%	71.3%
c Net Profit Margin	39.6%	34.9%	25.8%	37.8%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	23.4%	77.5%	59.1%	29.4%
e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh]	28.7%	27.4%	15.7%	21.6%
<b>2 Working Capital Management</b>				
a Gross Working Capital (Average Days)	234	200	196	103
b Net Working Capital (Average Days)	227	191	168	1
c Current Ratio (Current Assets / Current Liabilities)	8.8	6.0	7.2	3.5
<b>3 Coverages</b>				
a EBITDA / Finance Cost	1.5	2.6	2.3	2.9
b FCFO / Finance Cost+CMLTB+Excess STB	1.0	1.7	1.6	1.9
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	11.4	5.1	7.8	7.5
<b>4 Capital Structure</b>				
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	59.5%	68.5%	69.8%	70.2%
b Interest or Markup Payable (Days)	0.0	0.0	0.0	0.0
c Entity Average Borrowing Rate	16.2%	12.3%	9.7%	7.1%

### Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Long-term Rating		Short-term Rating	
Scale	Definition	Scale	Definition
<b>AAA</b>	<b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments	<b>A1+</b>	The highest capacity for timely repayment.
<b>AA+</b>		<b>A1</b>	A strong capacity for timely repayment.
<b>AA</b>	<b>Very high credit quality.</b> Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	<b>A2</b>	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
<b>AA-</b>		<b>A3</b>	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
<b>A+</b>	<b>High credit quality.</b> Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.	<b>A4</b>	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.
<b>A-</b>			
<b>BBB+</b>	<b>Good credit quality.</b> Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.		
<b>BBB</b>			
<b>BB+</b>	<b>Moderate risk.</b> Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.		
<b>BB</b>			
<b>BB-</b>			
<b>B+</b>	<b>High credit risk.</b> A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.		
<b>B</b>			
<b>B-</b>			
<b>CCC</b>	<b>Very high credit risk.</b> Substantial credit risk “CCC” Default is a real possibility.		
<b>CC</b>	Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. “CC” Rating indicates that default of some kind appears probable. “C” Ratings signal imminent default.		
<b>C</b>			
<b>D</b>	Obligations are currently in default.		



\*The correlation shown is indicative and, in certain cases, may not hold.

<b>Outlook (Stable, Positive, Negative, Developing)</b> Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. ‘Stable’ outlook means a rating is not likely to change. ‘Positive’ means it may be raised. ‘Negative’ means it may be lowered. Where the trends have conflicting elements, the outlook may be described as ‘Developing’.	<b>Rating Watch</b> Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	<b>Suspension</b> It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	<b>Withdrawn</b> A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	<b>Harmonization</b> A change in rating due to revision in applicable methodology or underlying scale.
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**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

**Note.** This scale is applicable to the following methodology(s):

#### Entities

- a) Broker Entity Rating
- b) Corporate Rating
- c) Financial Institution Rating
- d) Holding Company Rating
- e) Independent Power Producer Rating
- f) Microfinance Institution Rating
- g) Non-Banking Finance Companies (NBFCs) Rating

#### Instruments

- a) Basel III Compliant Debt Instrument Rating
- b) Debt Instrument Rating
- c) Sukuk Rating

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## **Regulatory and Supplementary Disclosure**

(Credit Rating Companies Regulations,2016)

### **Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### **2) Conflict of Interest**

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

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- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report.
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principle of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

### **Independence & Conflict of interest**

- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

### **Monitoring and review**

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 18-(a)
- (19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 18-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 18-(d)

### **Probability of Default**

- (22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e. probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. ([www.pacra.com](http://www.pacra.com)). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(f-VII)

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