The Pakistan Credit Rating Agency Limited

Rating Report

Fauji Fertilizer Company Limited

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
30-Jul-2022	AA+	A1+	Stable	Maintain	-
30-Jul-2021	AA+	A1+	Stable	Maintain	-
30-Jul-2020	AA+	A1+	Stable	Maintain	-
01-Aug-2019	AA+	A1+	Stable	Maintain	-
30-Jan-2019	AA+	A1+	Stable	Maintain	-
30-Jul-2018	AA+	A1+	Stable	Upgrade	-
04-Aug-2017	AA	A1+	Stable	Maintain	-
04-Aug-2016	AA	A1+	Stable	Initial	-

Rating Rationale and Key Rating Drivers

Pakistan has an agrarian economy and fulfills around ~ 84% of its fertilizer requirement through local production while the remaining is met through imports. The Country's total fertilizer production capacity stands at around ~ 7mln MT of Urea and CAN and ~ 1.7mln MT of DAP, NP, and NPK. In CY21, Urea's offtake stood at ~6.3mln MT and DAP's offtake stood at 1.8mln MT. Whereas in 1HCY22, Urea offtake stood at ~ 3.2mln MT posting a growth of 12%. However, DAP offtake stood at 0.5 mln MT, posting a decline of 10%. Considering the overall urea demand and supply situation and LNG unavailability for the plants, the Economic Coordination Committee (ECC) of the Cabinet has allowed to import 0.2mln MT of urea for second half of 2022. Overall margins of the industry remained healthy and going forward industry's outlook is expected to remain satisfactory. International market prices fell at the start of quarter due to lower demand and sellers sought to offload barges in crowded markets due to force liquidity. Despite low demand, prices didn't correct to expected levels due to changing geopolitical situation internationally.
The ratings reflect the robust business and financial position of Fauji Fertilizer Company Limited ('FFC' or 'the Company') while deriving strength from Fauji Foundation (FF). FFC combined with Fauji Fertilizer Bin Qasim Limited (FFBL) has a strong foothold in the production capacity and product offtake of both Urea and DAP. Over the years, a strong business footprint has built 'Sona' into a household name in the farming community, in Pakistan. The Company's production facilities are secured by a dedicated and uninterrupted gas supply line from the Mari fields. Thus ensuring sustainable business volumes. FFC posts a stable production trend and its revenue stream remain the highest among the industry players. The Company has also maintained a growth trajectory in its margins and profits. Strong and stable dividend and interest income further boost the Company's bottom line. FFC financial profile is characterized by a moderately leveraged capital structure and very strong coverages. Moreover, significant liquidity depicts a robust financial profile. The ratings further draws comfort from FFC's strong organizational structure designed to control its subsidiaries' strategic direction and strong governance framework, whereas FFC's various corporate awards testify the Company's sound financial and business practices.

The ratings are dependent on the sustainability of operations and maintaining its market share. Sustainability in the performance of subsidiaries, stable dividends, and effective management of financial profile is important.

Disclosure

Name of Rated Entity	Fauji Fertilizer Company Limited
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	Methodology | Corporate Rating(Jun-22),Methodology | Correlation Between Long-term & Short-term Rating Scales(Jun-22),Mehtodology | Rating Modifiers(Jun-22)
Related Research	Sector Study | Fertilizer(Jan-22)
Rating Analysts	Faiqa Qamar | faiqa.qamar@pacra.com | +92-42-35869504

Profile

Legal Structure Fauji Fertilizer Company Limited ('FFC' or 'The Company') is a public listed company, incorporated in 1978.

Background FFC was established as a joint venture between Fauji Foundation (FF) – a Charitable Trust incorporated under the Charitable Endowments Act 1890 and Haldor Topsoe A/S of Denmark – a world leader in catalysts. FFC set up its first plant in Goth Machhi with the capacity of 570,000MT p.a in 1968. In 1993, the Company increased its urea production by setting up Plant-II in Goth Machhi and made its initial investment in Fauji Fertilizer Bin Qasim Limited (FFBL). In 2003, FFC acquired Ex-Pak Saudi Fertilizers Limited Urea plant situated in Mirpur Mathelo (Plant-III). Over the years, the Company has invested into various sectors i.e., banking, power, food and cement sectors.

Operations FFC is engaged in the manufacturing and marketing of fertilizer products. The Company sells Urea, DAP, SOP, MOP, Boron and Zinc. The Company has three urea production facilities, out of which two are located at Goth Machhi (Plant I and Plant II) and one at Mirpur Mathelo (Plant III). The total designed capacity of FFC's urea plants (Plant I: 695,000MT, Plant II: 635,000MT, Plant III: 718,000MT). During 1QCY22, 0.64mln MT of Urea was produced, with capacity utilization of 124%.

Ownership

Ownership Structure FFC is owned by Fauji Foundation (~44%). General public holds ~24%. Rest of the ownership lies with foreign companies (~5%), financial institutions (~20%) and others (~7%).

Stability The ownership structure is seen stable as majority of the shareholding vests with the sponsors through FF.

Business Acumen Fauji Foundation (FF), founded in 1954, has emerged as one of the leading conglomerates of the country, with established business interests in various diversified sectors i.e., banking, power, food and cement sectors.

Financial Strength Besides holding formidable equity strength in FFC, the sponsors have an extensive investment book (includes 5 subsidiaries, 4 associated companies, and 1 joint venture of FFC) fortifying their sound financial strength. In CY21, FFC has consolidated equity of ~PKR 98bln with an asset base of ~PKR270bln. Through its diverse set of businesses, it is generating a turnover of ~PKR 114bln and posted a PAT of ~PKR 35bln.

Governance

Board Structure The BoD comprises thirteen members. There are eight Non-Executive Directors, four Independent Directors and one Executive Director.

Members' Profile The Company's Board is chaired by Mr. Waqar Ahmed Malik. He has professional experience of over three decades. All members on the BoD have diversified experience.

Board Effectiveness The Board has four committees to assist in governing the affairs of the Company. These comprise: a) Audit Committee, b) Human Resource and Remuneration Committee, c) System & Technology Committee, and d) Investment Committee. The BoD met six times during CY21 with full participation.

Financial Transparency FFC's external auditor, A.F Ferguson & Co., Chartered Accountants, has issued an unqualified opinion on CY21's financial statements.

Management

Organizational Structure The Company has a well defined organizational structure that is divided into thirteen main departments. All functional Heads reports to the Company's CEO, who then reports to the BoD. However, Head of Internal Audit reports administrative matters to the CEO and functionally to the Audit Committee.

Management Team Mr. Sarfaraz Ahmed Rehman replaced Lt Gen Tariq Khan, as the CEO, since Oct-21. He was also the CEO of Engro Foods till 2012. Mr. Sarfaraz joined Fauji Group in Jun-20 as MD & CEO of Fauji Fertilizer Bin Qasim Limited (FFBL) till October 2021

Effectiveness The Company has formed three committees i.e., Executive Committee , Strategy Committee and Corporate Social Responsibility Committee. Meetings of the committee are held on periodic basis to ensure efficiency and strategic planning

MIS FFC has a state of the art IT infrastructure in place, including SAP software. The Company has maintained a profound management system that enables smooth operations of business processes and provides an end to end solution for financial, logistical, distribution, inventory, plant maintenance and human capital management

Control Environment FFC has an effective in-house internal audit function which assists the Company to monitor internal controls while reporting to the Audit Committee.

Business Risk

Industry Dynamics Pakistan has an agrarian economy and fulfills around ~ 84% of its fertilizer requirement through local production while the remaining is met through imports. The Country's total fertilizer production capacity stands at around ~ 7mln MT of Urea and CAN ~ 1.7mln MT of DAP, NP, and NPK. In CY21, Urea's offtake stood at ~6.3mln MT and DAP's offtake stood at 1.8mln MT. Whereas in 1HCY22, Urea offtake stood at ~ 3.2mln MT posting a growth of 12%. However, DAP offtake stood at 0.5 mln MT, posting a decline of 10%. Considering the overall urea demand and supply situation and LNG unavailability for the plants, the Economic Coordination Committee (ECC) of the Cabinet has allowed to import 0.2mln MT of urea for second half of 2022. Overall margins of the industry remained healthy and going forward industry's outlook is expected to remain satisfactory. International market prices fell at the start of quarter due to lower demand and sellers sought to offload barges in crowded markets due to force liquidity. Despite low demand, prices didn't correct to expected levels due to changing geopolitical situation internationally.

Relative Position FFC is the largest player in the fertilizer segment in Urea and DAP with a market share (including FFBL) of ~47% and ~53%, respectively, in CY21 (CY20: 51% and 53% respectively).

Revenues FFC's top-line comprises sale of Urea (~75%), DAP (~23%) and Others (~2%). The Company maintained its growth in CY21, reporting a positive growth of ~11%. Revenues are strong and stood at ~PKR 108bln (CY20: ~PKR 97bln). In 1QCY22, the Company managed to post a reasonable increase in the top-line (1QCY22: ~PKR 26bln, 1QCY21: ~PKR 21.5bln) owing to a hike in the prices of fertilizer products

Margins Owing to the increase in urea prices during CY21, the Company's gross margin posted an increase and stood at 35.8% during CY21 (CY20: 32%). Net margins followed a similar trajectory and stood at 20% during CY21 (CY20: 21%). Similarly, in 1QCY22, gross margins remain stable at 35.6%; while, net margins posted an improvement at 23.7%.

Sustainability FFC carries a sizable investment book, along with an equity portfolio comprising of entities in the banking, power, food and cement sectors. Moreover, the Company has acquired majority stake in Foundation Wind Energy I and II. FFC is actively evaluating alternate sources of gas with the Government to mitigate the risk of depleting reserves.

Financial Risk

Working Capital In CY21, the inventory days improved to 2 days (CY20: 13 days). However, the receivable days showcased a significant improvement to 5 days (CY20: 29 days) due to credit policies. The trade payable days saw a minor increase to 11 days (CY20: 10 days). In accumulation, net working capital days became negative 3 days (CY20: 33 days) owing to receivable days and stretched payables. Similarly, in 1QCY22, net working capital days improved and stood at 2 days (1QCY21: 7 days) The Company has a stable borrowing cushion at the total current asset level.

Coverages In CY21, the Company's free cashflows from operations increased to ~PKR 25.1bln (CY20: ~PKR 20.7bln) on the back of higher profitability. Finance cost of the Company stood at PKR 2.2bln during CY21 (CY20: PKR 1.8bln). Consequently, healthy cash flows couple with stable finance cost, the interest coverage ratio stood at 11.1x in CY21 (CY20: 11.4x). Moreover, the core (CY21: 3.7x, CY20: 3.3x) and total coverage (CY21: 4.1x, CY20 3.6x) witnessed the same course. In 1QCY22, core and total cover stood at 2.1x and 2.8x, respectively.

Capitalization FFC has a moderately leveraged capital structure with an increase in leveraging ratio to ~56% in CY21 (CY20: ~49%). Short term borrowings constituted nearly ~ 65% of total borrowings. The increase represents the progression of operations during CY21 and short-term borrowings to finance working capital requirements. In 1QCY22, debt to debt plus equity ratio stood at 50.7%.

The Pakistan Credit Rating Agency Limited

Financial Summary
PKR mln

Fauji Fertilizer Company Limited	Mar-22	Dec-21	Dec-20	Dec-19
Fertilizer	3M	12M	12M	12M
A BALANCE SHEET				
1 Non-Current Assets	29,095	28,623	26,373	25,001
2 Investments	84,495	97,701	86,876	52,422
3 Related Party Exposure	44,517	43,610	29,756	28,492
4 Current Assets	36,741	31,074	29,945	47,475
a Inventories	*5,129*	*1,048*	*320*	*6,795*
b Trade Receivables	*644*	*833*	*2,287*	*13,460*
5 Total Assets	194,848	201,008	172,949	153,390
6 Current Liabilities	72,377	65,752	49,730	77,077
a Trade Payables	*3,560*	*3,163*	*3,349*	*2,015*
7 Borrowings	49,092	60,301	40,415	33,092
8 Related Party Exposure	3,245	2,882	2,238	3,242
9 Non-Current Liabilities	22,355	24,559	38,031	4,412
10 Net Assets	47,779	47,514	42,536	35,567
11 Shareholders' Equity	47,779	47,514	42,536	35,567
B INCOME STATEMENT				
1 Sales	26,315	108,651	97,655	105,783
a Cost of Good Sold	*(16,957)*	*(69,772)*	*(66,072)*	*(75,046)*
2 Gross Profit	9,358	38,879	31,583	30,737
a Operating Expenses	(2,186)	(8,409)	(7,848)	(8,288)
3 Operating Profit	7,172	30,470	23,735	22,449
a Non Operating Income or (Expense)	*2,202*	*2,161*	*7,730*	*3,782*
4 Profit or (Loss) before Interest and Tax	9,374	32,631	31,465	26,231
a Total Finance Cost	*(1,072)*	*(2,292)*	*(1,874)*	*(2,477)*
b Taxation	*(2,062)*	*(8,443)*	*(8,772)*	*(6,643)*
6 Net Income Or (Loss)	6,240	21,896	20,819	17,110
C CASH FLOW STATEMENT				
a Free Cash Flows from Operations (FCFO)	*4,701*	*25,083*	*20,658*	*18,964*
b Net Cash from Operating Activities before Working Capital Changes	*5,113*	*26,114*	*20,434*	*20,639*
c Changes in Working Capital	*(1,215)*	*(1,225)*	*21,153*	*8,074*
1 Net Cash provided by Operating Activities	3,898	24,889	41,587	28,713
2 Net Cash (Used in) or Available From Investing Activities	18	(17,053)	(39,462)	(5,784)
3 Net Cash (Used in) or Available From Financing Activities	(6,658)	(10,602)	(6,739)	(25,824)
4 Net Cash generated or (Used) during the period	(2,742)	(2,766)	(4,615)	(2,894)
D RATIO ANALYSIS				
1 Performance				
a Sales Growth (for the period)	-3.1%	11.3%	-7.7%	--
b Gross Profit Margin	35.6%	35.8%	32.3%	29.1%
c Net Profit Margin	23.7%	20.2%	21.3%	16.2%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	13.2%	22.0%	42.8%	25.6%
*e Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/Shareholders' Equity)]*	52.4%	48.6%	53.3%	48.1%
2 Working Capital Management				
a Gross Working Capital (Average Days)	13	8	43	70
b Net Working Capital (Average Days)	2	-3	33	63
c Current Ratio (Current Assets / Current Liabilities)	0.5	0.5	0.6	0.6
3 Coverages				
a EBITDA / Finance Cost	7.2	15.3	14.9	10.3
b FCFO / Finance Cost+CMLTB+Excess STB	2.1	3.7	3.3	2.6
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	1.4	0.9	0.8	0.7
4 Capital Structure				
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	50.7%	55.9%	48.7%	48.2%
b Interest or Markup Payable (Days)	57.5	117.2	55.5	99.9
c Entity Average Borrowing Rate	8.0%	4.4%	6.9%	7.5%

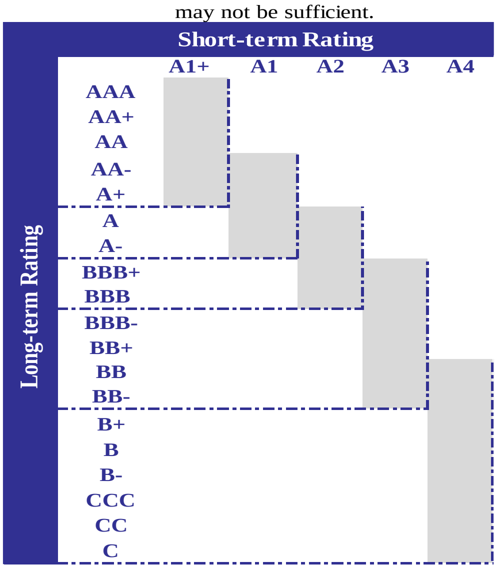
#	Notes
-	The ratios calculated are based on PACRA's model and may differ from the Company's financials.
-	D - 2c - Current ratio calculation doesnot include Short Term Investments as shown in the Company's financials.

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	
Scale	**Definition**
AAA	**Highest credit quality.** Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	**Very high credit quality.** 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.
A+ A A-	**High credit quality.** 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.
BBB+ BBB BBB-	**Good credit quality.** 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.
BB+ BB BB-	**Moderate risk.** 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+ B B-	**High credit risk.** 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.
CCC CC C	**Very high credit risk.** Substantial credit risk "CCC" Default is a real possibility. 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.
D	Obligations are currently in default.

Short-term Rating	
Scale	**Definition**
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.



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

Outlook (Stable, Positive, Negative, Developing) 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'.

Rating Watch 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.

Suspension 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.

Withdrawn 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 surveill the opinion due to lack of requisite information.

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

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

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

Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(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 | Clause 11-(A)(p).
(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 principal 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). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(f-VII)

Proprietary Information