



The Pakistan Credit Rating Agency Limited

## Rating Report

### NIMIR Industrial Chemicals Limited

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#### Rating History

| Dissemination Date | Long Term Rating | Short Term Rating | Outlook | Action   | Rating Watch |
|--------------------|------------------|-------------------|---------|----------|--------------|
| 20-Jul-2019        | A+               | A1                | Stable  | Upgrade  | -            |
| 18-Jan-2019        | A                | A1                | Stable  | Maintain | -            |
| 19-Jul-2018        | A                | A1                | Stable  | Initial  | -            |

#### Rating Rationale and Key Rating Drivers

The ratings of Nimir Industrial Chemicals Limited demonstrate its strong position in domestic manufacturing of oleo chemicals and chlor alkali products, strong customer base of multinational FMCGs, stable margins and generation of persistent profitability. The Company has established a distinguished position in its operating segment through provision of high quality products to large-scale multi-national companies. Additionally, growing demand for consumer products and Company's abilities to expand its capacities to cope with the demand bodes well for business prospects of the Company. Advanced production facilities alongside experienced management team transpire into operational efficiencies. Capitalizing on a topline-driven approach, the Company has been expanding its business volumes since take over by the current shareholders. Well-devised pricing strategy indexed with dollar rates hedges against exchange risk, since the Company imports various palm oil products as its major raw materials. The Company has a leveraged capital structure with strong coverages and cashflows. The leveraging is expected to increase as the Company initiates its next round of capacity expansion/optimization.

The ratings are dependent on sustaining strong margins and profitability in line with business expansion. Prudent management of working capital and maintenance of strong coverages amidst expansion are critical for the ratings. Upholding strong governance framework is also important.

#### Disclosure

|                              |  |
|------------------------------|--|
| <b>Name of Rated Entity</b>  | NIMIR Industrial Chemicals Limited   |
| <b>Type of Relationship</b>  | Solicited  |
| <b>Purpose of the Rating</b> | Entity Rating  |
| <b>Applicable Criteria</b>   | PACRA_Methodology_Corporate_FY19(Jun-19),PACRA_Criteria_LT ST Relationship_FY19(Jun-19),PACRA_Criteria_Rating Modifiers_FY19(Jun-19) |
| <b>Related Research</b>      | Sector Study   Chemical(Jun-19)  |
| <b>Rating Analysts</b>       | Muhammad Hassan   muhammad.hassan@pacra.com   +92-42-35869504  |

## Profile

**Legal Structure** Nimir Industrial Chemicals Limited was incorporated in Pakistan in February 1994 as a public limited company and got listed in the Pakistan Stock Exchange (PSX) in 1996.

**Background** Nimir Industrial Chemicals Limited was initially known as “Ravi Alkalis” – a Private Limited company. The company was acquired by Nimir Group in 1994 after which its name was changed to Nimir Industrial Chemicals Limited.

**Operations** The Company is involved in the manufacturing and sale of oleo chemicals and chlor alkali products including distilled fatty acid (DFA), soap noodles, stearic acid, glycerin, caustic soda and a variety of industrial chemicals. Operating with one manufacturing plant located at Faisalabad Road – 14.8 km from Sheikhpura, the total installed capacity of the production unit in terms of oleo chemical products is ~67,000MT per annum, chlor-alkali products is ~49,000MT per annum and soap finishing line has a capacity of 36,000 MTs per annum.

## Ownership

**Ownership Structure** Major shareholding of the company vests with Nimir Resources Private Limited (~57%) – the group’s holding company founded by five individuals who took over the Company in 2011 as part of management. These five people are Executive Directors. Other shareholders include Mr. Yahya Khan (~9%), Mr. Muhammad Nadeem (~8%), Mrs. Shaheen Nadeem (~8%) and general public (~18%). Nimir Resources (Pvt) is expected to dissolve by end 2019, majority shareholding will be transferred to the same people who took over the Company, through CDC. Pak Brunei is hired as a trustee for this transaction.

**Stability** Executive Directors, have strong knowledge of the industry and extensive experience in relevant fields and have the power to direct relevant activities of the Company. Business roles are equally divided among the Sponsors and the agreements are legally documented

**Business Acumen** Business acumen of the Sponsors in relation to the related business is considered strong, since most of the Sponsors are pioneers of the Nimir Group and have been associated with it since its inception i.e. 1994. They possess extensive knowledge and exposure of the industry. Skills level of the sponsors is reflected into healthy financial performance indicators which is evident from the steady growth of the business since takeover by the current stakeholders.

**Financial Strength** Nimir Group constitutes Nimir Industrial Chemicals Limited and Nimir Resins Limited which are involved in profit making business activities. The group has an overall asset base of PKR ~7,000mln and a collective sales revenue of PKR ~15,632mln.

## Governance

**Board Structure** Governance structure is designed to keep the Company compliant with Code of Corporate Governance (CCG) for listed entities; after the latest board elections in December 2018 in EOGM, the Board consisted of eight members, out of which four members are executive, three non-executive and one independent director.

**Members’ Profile** Members of the board have a good mix of skills and experience. The Chairman, Mr. Saeed-uz-Zaman holds a degree in Electrical Engineering from University of Engineering and Technology Lahore. He has extensive experience in senior management positions both in public and private sectors.

**Board Effectiveness** The Board has two sub committees namely Audit Committee and Human Resource and Remuneration Committee. During FY18, 4 Board, 4 Audit Committee and 2 HR & Remuneration Committee meetings were held. Attendance recorded in Board meetings was satisfactory

**Financial Transparency** EY Ford Rhodes Chartered Accountants – one of the big four firms, are the External Auditors of the Company. They expressed an unqualified opinion on the Company’s financial statements for the period ending December, 2018. The auditors are listed under Category ‘A’ of SBP’s panel of auditors.

## Management

**Organizational Structure** The Company operates through nine departments, each headed by an experienced manager. These departments include (i) Production (ii) Marketing & sales (iii) Accounts and Finance (iv) Human Resource and Admin (v) Supply Chain (vi) Information Technology (vii) Research & Development (viii) Quality Control & (ix) Quality Assurance. Coordination and integration amongst the departments exists, with clear lines of responsibilities defined for each department and cadre within the departments.

**Management Team** The CEO, Mr. Zafar Mehmood, is a fellow of the Institute of Cost & Management Accountants of Pakistan since 1991. He has over ~25 years of experience and has been associated with Nimir group for over ~20 years. Mr. Khalid Qazi, the Director Finance, is an MBA and has been associated with the group for ~23 years.

**Effectiveness** Senior management meetings are conducted regularly for discussion and decision making purposes. In addition, weekly management meetings are also held in which performance and targets of all the concerned departments are discussed in detail.

**MIS** SAP Business One installed as MIS for provision of reliable financial system and reporting is assessed. Highly automated manufacturing and operational procedures transpire into operational efficiencies. This management application was installed in July-2012 by External Vendor – Abacus Consulting and is annually updated based on Annual Maintenance Contract with them.

**Control Environment** The control environment is strengthened by the role of Internal Audit department that provides periodic detailed reports to the Audit Committee for review and assessment and to take necessary remedial actions, where needed. Separate Internal Audit reports for each financial process, including inventory management, payroll, procurement, accounts receivables and accounts payable along with risk rating matrix for each process are prepared and shared with the Audit Committee.

## Business Risk

**Industry Dynamics** At present, the total installed capacity of the sector in Pakistan for oleo chemical products is ~150,000MT per annum. Per capita consumption of toilet soaps is increasing with the increase in population and improvement in living styles of the general public and it is recorded at approximately ~700grams per annum. This also elevates the demand for oleo chemicals.

**Relative Position** Nimir Industrial Chemicals Limited – being the sole supplier for MNCs is capitalizing on this growth opportunity through BMR and expansion of its manufacturing plant. Recent advancement and upgradation of the plant was completed in FY18. The Company’s annual production capacity has been enhanced to ~85,000MT per annum contributing ~57% to the total Industry capacity.

**Revenues** High turnover growth trend persists for Nimir Industrial Chemicals alongside upstream demand for consumer products. During 9MFY19, topline of the Company clocked in at PKR 10,847mln (9MFY18: 8,613mln) presenting an increase of ~26%. Major share of the revenues come from the sale of Oleo chemicals to MNCs.

**Margins** Gross margins remained unchanged at 13%, despite increase in the cost of imported raw materials, the Company was able to pass on its cost to the customers which kept gross margins, operating margins and operating margins unchanged.

**Sustainability** Nimir Industrial Chemicals and Limited has projected its turnover to achieve PKR 25bln mark by 2023, mainly on the back of capacity expansion of Oleo Chemicals while slightly increasing the share of Chlor Alkali products. The Company has also planned capacity expansion of PKR 2bln.

## Financial Risk

**Working Capital** Nimir Industrial Chemicals Limited’s working capital days are majorly a function of its inventory days and debtors days; During 9MFY19, the Company’s net working capital days increased to 81 (9MFY18: 68 days). The situation weakened on the back of decrease in average trade payable days (9MFY19: 15 days, 9MFY18: 25 days). Net trade assets increased to PKR 3,448mln (9MFY18: PKR 2,688mln), an increase of 28%, depicting improvement in room to borrow.

**Coverages** During 9MFY19 FCFO on the Company increased by ~30% (9MFY19: PKR 819mln, 9MFY18: PKR 626mln) on the back of increase in the Company’s profitability. On the other end finance cost increased by ~70% to PKR 212mln (9MFY18: PKR 125mln), as the interest rates increased significantly. Consequently, the interest coverages came down to 5.5x in 9MFY19 (9MFY18: 7.3x), whereas, the debt coverages stood at 2x without any significant change.

**Capitalization** The Company has a leveraged capital structure, with its total debt making ~56% of the combined debt and equity of the company as on 9MFY18: ~52%. The total borrowings of the Company increased to PKR 3,580mln (9MFY18: PKR 2,640mln). The leveraging is expected to increase as the Company initiates its next round of capacity expansion.



The Pakistan Credit Rating Agency Limited

Financial Summary

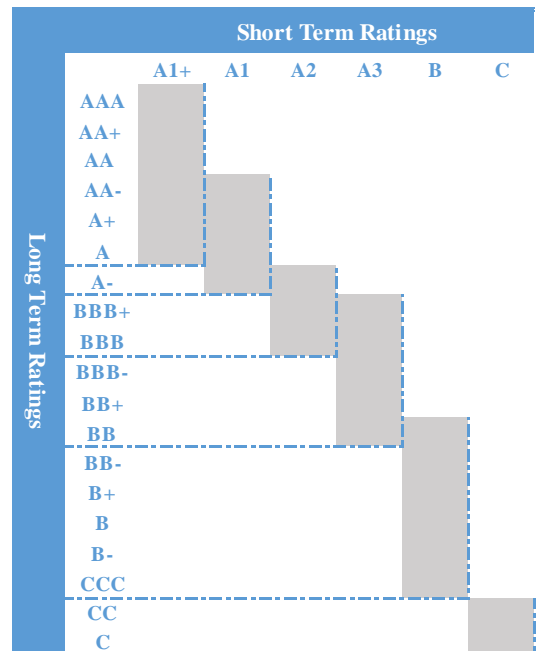
PKR mln

| Nimir Industrial Chemicals Limited<br>##                                   | Mar-19<br>9M | Jun-18<br>12M | Jun-17<br>12M | Jun-16<br>12M |
|--|--------------|---------------|---------------|---------------|
| <b>A BALANCE SHEET</b>   |              |               |               |               |
| 1 Non-Current Assets   | 3,150        | 2,580         | 2,266         | 1,807         |
| 2 Investments  | -            | -             | -             | -             |
| 3 Related Party Exposure   | 282          | 282           | 282           | 256           |
| 4 Current Assets   | 4,421        | 4,726         | 2,926         | 1,966         |
| <i>a Inventories</i>   | 2,170        | 2,259         | 1,275         | 638           |
| <i>b Trade Receivables</i>   | 1,516        | 1,622         | 983           | 821           |
| 5 Total Assets   | 7,852        | 7,588         | 5,474         | 4,029         |
| 6 Current Liabilities  | 1,181        | 1,280         | 737           | 522           |
| <i>a Trade Payables</i>  | 677          | 506           | 174           | 129           |
| 7 Borrowings   | 3,580        | 3,475         | 2,380         | 1,609         |
| 8 Related Party Exposure   | -            | -             | -             | -             |
| 9 Non-Current Liabilities  | 255          | 219           | 213           | 110           |
| 10 Net Assets  | 2,836        | 2,615         | 2,144         | 1,788         |
| 11 Shareholders' Equity  | 2,836        | 2,615         | 2,144         | 1,788         |
| <b>B INCOME STATEMENT</b>  |              |               |               |               |
| 1 Sales  | 10,847       | 12,154        | 7,369         | 5,011         |
| <i>a Cost of Good Sold</i>   | (9,396)      | (10,542)      | (6,304)       | (4,039)       |
| 2 Gross Profit   | 1,451        | 1,613         | 1,065         | 972           |
| <i>a Operating Expenses</i>  | (259)        | (317)         | (230)         | (207)         |
| 3 Operating Profit   | 1,191        | 1,295         | 835           | 765           |
| <i>a Non Operating Income or (Expense)</i>                                 | (77)         | (207)         | (10)          | (71)          |
| 4 Profit or (Loss) before Interest and Tax                                 | 1,114        | 1,088         | 824           | 694           |
| <i>a Total Finance Cost</i>  | (250)        | (204)         | (131)         | (91)          |
| <i>b Taxation</i>  | (237)        | (192)         | (229)         | (163)         |
| 6 Net Income Or (Loss)   | 608          | 692           | 464           | 440           |
| <b>C CASH FLOW STATEMENT</b>   |              |               |               |               |
| <i>a Free Cash Flows from Operations (FCFO)</i>                            | 1,192        | 1,064         | 738           | 835           |
| <i>b Net Cash from Operating Activities before Working Capital Changes</i> | 606          | 881           | 623           | 764           |
| <i>c Changes in Working Capital</i>  | 59           | (1,129)       | (694)         | (322)         |
| 1 Net Cash provided by Operating Activities                                | 665          | (248)         | (71)          | 442           |
| 2 Net Cash (Used in) or Available From Investing Activities                | (766)        | (630)         | (616)         | (540)         |
| 3 Net Cash (Used in) or Available From Financing Activities                | 106          | 869           | 640           | 145           |
| 4 Net Cash generated or (Used) during the period                           | 5            | (9)           | (46)          | 48            |
| <b>D RATIO ANALYSIS</b>  |              |               |               |               |
| 1 Performance  |              |               |               |               |
| <i>a Sales Growth (for the period)</i>                                     | 19.0%        | 64.9%         | 47.1%         | 36.8%         |
| <i>b Gross Profit Margin</i>   | 13.4%        | 13.3%         | 14.5%         | 19.4%         |
| <i>c Net Profit Margin</i>   | 5.6%         | 5.7%          | 6.3%          | 8.8%          |
| <i>d Cash Conversion Efficiency (EBITDA/Sales)</i>                         | 12.7%        | 12.1%         | 12.4%         | 19.4%         |
| <i>e Return on Equity (ROE)</i>  | 29.7%        | 29.1%         | 23.6%         | 24.6%         |
| 2 Working Capital Management   |              |               |               |               |
| <i>a Gross Working Capital (Average Days)</i>                              | 95           | 92            | 92            | 86            |
| <i>b Net Working Capital (Average Days)</i>                                | 81           | 82            | 85            | 77            |
| <i>c Current Ratio (Total Current Assets/Total Current Liabilities)</i>    | 3.7          | 3.7           | 4.0           | 3.8           |
| 3 Coverages  |              |               |               |               |
| <i>a EBITDA / Finance Cost</i>   | 5.7          | 7.4           | 7.2           | 11.5          |
| <i>b FCFO / Finance Cost+CMLTB+Excess STB</i>                              | 2.8          | 2.5           | 2.5           | 3.9           |
| <i>c Debt Payback (Total Borrowings+Excess STB)/(FCFO-Finance Cost)</i>    | 0.7          | 0.8           | 0.8           | 0.6           |
| 4 Capital Structure (Total Debt/Total Debt+Equity)                         |              |               |               |               |
| <i>a Total Borrowings / Total Borrowings+Equity</i>                        | 55.8%        | 57.1%         | 52.6%         | 47.4%         |
| <i>b Interest or Markup Payable (Days)</i>                                 | 76.1         | 66.0          | 78.5          | 86.9          |
| <i>c Average Borrowing Rate</i>  | 9.2%         | 6.8%          | 6.4%          | 5.3%          |

## Credit Rating Scale & Definitions

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 Ratings                        |   | Short Term Ratings |  |
|--|---|--------------------|--|
| <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><br><b>AA</b><br><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>A1</b>          | A strong capacity for timely repayment.  |
| <b>A+</b><br><b>A</b><br><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>A2</b>          | A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.   |
| <b>BBB+</b><br><b>BBB</b><br><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>A3</b>          | An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions. |
| <b>BB+</b><br><b>BB</b><br><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>B</b>           | The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions.                   |
| <b>B+</b><br><b>B</b><br><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>C</b>           | An inadequate capacity to ensure timely repayment.   |
| <b>CCC</b><br><b>CC</b><br><b>C</b>      | <b>Very high credit risk.</b> 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. |                    |  |
| <b>D</b>                                 | Obligations are currently in default.   |                    |  |



**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, a) some material identifiable event and/or b) deviation from expected trend. 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 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) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, e) the entity/issuer defaults, or/and f) PACRA finds it impractical to surveil the opinion due to lack of requisite information.

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

**Disclaimer:** PACRA’s ratings are an assessment of the credit standing of entities/issue in Pakistan. They do not take into account the potential transfer / convertibility risk that may exist for foreign currency creditors. PACRA’s opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security’s market price or suitability for a particular investor.

### **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.
- (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)

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