The Pakistan Credit Rating Agency Limited

Rating Report

Hunza Sugar Mills (Pvt.) Limited

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
16-Mar-2022	BBB+	A2	Stable	Upgrade	-
03-Sep-2021	BBB	A2	Positive	Maintain	-
04-Sep-2020	BBB	A2	Stable	Maintain	-
06-Sep-2019	BBB	A2	Stable	Maintain	-
08-Mar-2019	BBB	A2	Stable	Maintain	-
06-Sep-2018	BBB	A2	Stable	Initial	-

Rating Rationale and Key Rating Drivers

Pakistan’s sugar industry is the country's 2nd largest agro-based industry, comprising 90 mills with an annual crushing capacity estimated ~ 65–70mln MT. Support prices of sugarcane, set by the Government considering the cost incurred by farmers, remains a constraint. During MY21, the overall sugar production increased by 15%, YoY, to 5.7mln MT (MY20: 4.9mln MT) due to better crop availability and an increase in area under cultivation. In the ongoing crushing season (MY22), total sugar production is expected above ~6mln MT. In FY21's budget, the Government proposed to levy 17% GST on market retail price instead of PKR 60/kg, after Nov-21. For MY22, the Government has increased the support price of sugarcane to PKR 225 per maund (previously, it was increased to PKR 200 from PKR 190 per maund). Actual realized sugarcane prices at the mill gate were even higher. To curb the hike in sugar prices, the Government planned to import 0.8mln MT of sugar. In the ethanol segment, during MY21, exports stood at 183,856 MT in MY21 (MY20: 229,639 MT), dipping by ~20% due to higher molasses exports. The ethanol prices, internationally, have remained on the higher side. This, coupled with the devaluation of the Pakistani Rupee, has remained beneficial for domestic distilleries. Going forward, the margins for players operating in both sugar and ethanol segments are expected to remain stable owing to relatively higher sugar prices, locally, and ethanol prices, internationally.
The ratings reflect Hunza Sugar Mills (Pvt.) Limited's ('the Company') substantial crushing capacity, diverse revenue stream (comprising local sugar sales and ethanol exports), and sponsors' strong acumen. Despite volatility in the sugar segment and ensuing challenges, the Company has witnessed significant improvement in its financial performance in recent years. Higher cane prices resulted in rising sugar prices in the local market. Consequently, the Company earned significant profits from the sugar segment. Similarly, the Company also benefited from the rising ethanol prices, internationally. The Company has stable business profile and healthy margins owing to diversification despite volatile market conditions. The Company's financial risk remains adequate owing to improved working capital management. However, capital structure remains significantly leveraged. Coverages have improved on the back of higher free cash flows and increasing profitability. Moreover, sponsors' firm commitment to provide financial support in a timely manner provides comfort to the ratings.

The ratings are dependent upon the Company’s ability to maintain healthy margins, improve coverages and rationalize short-term borrowings to avoid asset-liability mismatch. Any significant deterioration in margins and/or cash flows will impact the ratings negatively. Improvement in governance framework and internal controls will be favorable for the ratings.

Disclosure

Name of Rated Entity	Hunza Sugar Mills (Pvt.) Limited
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	Methodology | Corporate Rating(Jun-21),Criteria | Correlation Between Long-term & Short-term Rating Scales(Jun-21),Criteria | Rating Modifiers(Jun-21)
Related Research	Sector Study | Sugar(Dec-21)
Rating Analysts	Ahmad Faraz Arif | ahmad.faraz@pacra.com | +92-42-35869504

Profile

Legal Structure Hunza Sugar Mills (Pvt.) Limited (Hunza Sugar or the Company) is a private limited company incorporated in 2002.

Background Hunza Sugar is part of the Hunza Group ('the Group'). The flagship company of the Group was Hunza Ghee Mills (Pvt.) Limited in the edible oil sector and it dates back to 1988. The Company has a diverse revenue stream. It manufactures refined sugar, molasses, ethanol, and other allied products. The Company installed its distillery and CO2 processing plant in MY14 and MY18, respectively.

Operations Hunza Sugar has two sugar crushing units in District Faisalabad (Unit 1) and District Jhang (Unit 2). Unit 1 and Unit 2 have a crushing capacity of 10,000 TCD and 10,000 TCD, respectively. In MY21, the Company has crushed 1,975,502MT of sugarcane from its two units. Hunza Sugar has produced 172,949MT of refined sugar in MY21, depicting an increase of ~25%. The Company achieved a sugar recovery rate of 9.18% and 8.36% from Unit 1 and Unit 2, respectively. Distillery is located adjacent to Unit 1, and operates with a production capacity of 125,000 litres per day. The Company has produced 87,456 MT of molasses and ~14.8mln Ltr of ethanol, respectively, in MY21. Moreover, CO2 plant has a processing capacity of 200MT.

Ownership

Ownership Structure The Company is a family-owned entity. Shares of the Company are divided among the families of three brothers Mr. Idrees Chaudhry, Mr. Saeed Chaudhry, and Mr. Waheed Chaudhry. All three sponsoring families own an equal stake of 33%.

Stability The distinction in the ownership is very clear.

Business Acumen The Group has witnessed multiple business cycles and the sponsor's strong acumen is evident from substantial presence in the country's sugar, ethanol, and edible oil segments. Hunza Group initially started with Hunza Ghee Industries (Pvt.) Limited in the Edible Oil sector in 1988. The Company produces vegetable ghee and cooking oil that sells under the brand ‘Swera Ghee’ and ‘Swera Cooking Oil'. The Company carries out the import and sale of Edible Oil through its group company called Swera Traders (Pvt.) Limited. The Group diversified its operations and entered the sugar industry in 2002. Hunza Sugar expanded through forward integration by venturing into distillery business in MY14. Lately, the Group has setup Hunza Citrus, Hunza Steel and Suraj Traders.

Financial Strength Hunza Group as a whole has a strong asset base. The Group posted stable turnover and adequate profits in the financial year ending Jun-21.

Governance

Board Structure The BoD comprises three members from the sponsoring families. The BoD lacks independent oversight.

Members’ Profile Mr. Idrees Chaudhary, the eldest brother, is the Chairman of the Board of Directors. He serves as an adviser to the management. Mr. Waheed Chaudhary looks after the external relations of the Company. All the Board members have more than 35 years of overall experience and more than 15 years of experience in the sugar industry.

Board Effectiveness The Board met four times during MY21 to approve the financial statements. Minutes of the Board meetings are not formally documented.

Financial Transparency The auditors of the Company are Amin, Mudassar & Co, issued an unqualified opinion for MY21. The firm is QCR rated and is Category 'B' of SBP panel of auditors.

Management

Organizational Structure The Company operates through five main departments: Finance, IT, Administration, Technical and Quality Control. All functional heads reports to the Company's CEO.

Management Team Mr. Saeed Chaudhry is the CEO of the Company. He has an overall experience of 35 years in the edible oil sector and 15 years of experience in the sugar industry. Other members of senior management are also well qualified with ample experience.

Effectiveness Management conducts a monthly review of management accounts, accounts receivable and payable, and other financial matters.

MIS The Company operates in-house software to manage its financial accounts. Moreover, it also uses the Inventory module (Purchases and Inventory Management), Sales module (Sales Management and Stock Management), Payroll management, and Cane Procurement System. Currently, the Company is implementing a new ERP system to meet the growing needs of Hunza Sugar.

Control Environment The Company relies on a set of segregation of duties established processes and procedures that incorporate internal controls. The Company has one member in the internal audit section. The Company should lay emphasis on improving its’ control environment.

Business Risk

Industry Dynamics Pakistan’s sugar industry is the country's 2nd largest agro-based industry, comprising 90 mills with an annual crushing capacity estimated ~ 65–70mln MT. The industry has overcome the raw material supply challenges. However, support price of sugarcane, set by considering the cost incurred by farmers, remains a constraint. During MY21, the overall sugar production increased by 15%, YoY, to 5.7mln MT (MY20: 4.9mln MT) due to better crop availability and an increase in area under cultivation. In the ongoing crushing season (MY22), total sugar production is expected above ~6mln MT. In FY21's budget, the Government proposed to levy 17% GST on market retail price instead of PKR 60/kg, after Nov-21. For MY22, the Government has increased the support price of sugarcane to PKR 225 per maund (previously, it was increased to PKR 200 from PKR 190 per maund). Actual realized sugarcane prices at the mill gate were even higher. To curb the hike in sugar prices, the Government planned to import 0.8mln MT of sugar. Out of this, 0.3mln MT was imported till Jun-21, whereas, 0.3mln MT was imported till Nov-21. Going forward, despite higher input costs, higher sugar prices are expected to remain favorable for millers.

Relative Position Hunza Sugar is one of the leading sugar mills in the Punjab region with a market share of ~3% in sugar, in terms of production.

Revenues During MY21, the major portion of the Company's revenue emanated from local sugar sales(~70%), and Ethanol exports (~25%). Remaining portion of sales (~5%) comprised of molasses, CO2, bagasse, mud, and other chemicals. Hunza Sugar posted net revenue worth ~PKR 20.2bln during MY21 (MY20: ~PKR 14.5bln), reflecting growth of ~40% supported by increase sugar prices, and ethanol prices internationally.

Margins During MY21, the gross profit of the Company witnessed prominent growth and stood at PKR ~3bln (MY20: ~PKR 2.4bln), however, increased costs resulted in gross margin of ~15% (MY20: ~16%). The operating margin remained stable at ~12%. Finance cost of the Company witnessed decrease (MY21: ~PKR 789mln, MY20: ~PKR 1,067mln) as the Company posted net income of PKR 1.9bln during MY21 (MY20: PKR 705mln) and improved net margin (MY21: ~9%, MY20: ~5%).

Sustainability High sugar price in the local market and robust demand of ethanol in the export market due to Covid-19 tends to bode well for the Company. However, the Company is exposed to volatility and ensuing challenges in the sugar sector.

Financial Risk

Working Capital In MY21, net working capital days increased to 56 days (MY20: 43 days) The rise in net working capital days was due to the higher inventory days (MY21: 40 days, MY20: 32 days). Other components of working capital i.e., receivable days (MY21: 21 days, MY20: 21 days) remained stable and payable days (MY21: 5 days, MY20: 10 days) witnessed improvement. The Company’s borrowing cushion against trade assets witnessed improvement and remained positive at 12.4% as at MY21 (MY20: -8.3%).

Coverages During MY21, the free cash flows of the Company remained strong and stood at ~PKR 2.9bln (MY20: ~PKR 2.3bln). Moreover, the finance cost witnessed a significant improvement (MY21: ~PKR 789mln, MY20: ~PKR 1,067mln). As a result, the interest coverage ratio observed a rise to 3.8x (MY21: 2.2x). Similarly, debt coverage ratio witnessed improvement and stood at 2.3x in MY21 (MY20: 1.4x). Moreover, Debt payback period stood at 1.5x in MY21 (MY20: 1.9x).

Capitalization Hunza Sugar has a substantially leveraged capital structure, represented by a leveraging ratio ~54% in MY21 (MY20: ~66%). Majority of debt (~76%) comprises short-term borrowings to meet the working capital requirements. Short-term lines are utilized to support operations during the crushing cycle.

The Pakistan Credit Rating Agency Limited

Financial Summary
PKR mln

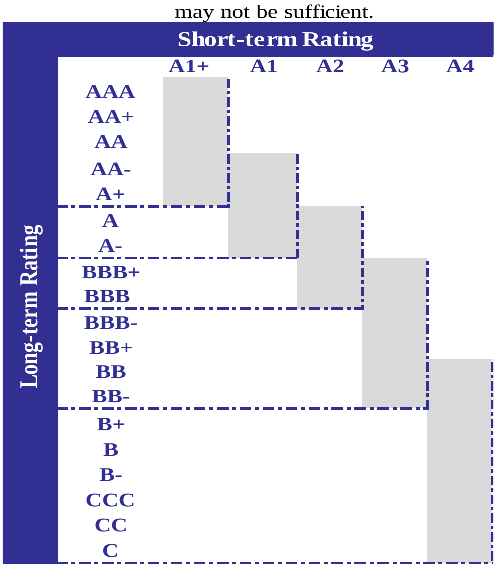
Hunza Sugar Mills	Sep-21	Mar-21	Sep-20	Mar-20	Sep-19
Sugar	12M	6M	12M	6M	12M
A BALANCE SHEET					
1 Non-Current Assets	6,177	5,303	5,455	5,428	5,400
2 Investments	175	177	247	444	464
3 Related Party Exposure	1,038	1,060	272	921	394
4 Current Assets	6,690	16,734	6,860	12,647	4,817
a Inventories	*2,772*	*14,071*	*1,665*	*9,645*	*866*
b Trade Receivables	*1,237*	*846*	*1,132*	*600*	*561*
5 Total Assets	14,081	23,274	12,834	19,440	11,075
6 Current Liabilities	1,683	1,645	1,699	2,879	839
a Trade Payables	*207*	*496*	*361*	*1,792*	*420*
7 Borrowings	4,927	15,342	6,176	12,552	6,248
8 Related Party Exposure	1,780	1,799	1,174	906	913
9 Non-Current Liabilities	57	5	8	-	3
10 Net Assets	5,634	4,483	3,778	3,103	3,072
11 Shareholders' Equity	5,634	4,483	3,778	3,103	3,072
B INCOME STATEMENT					
1 Sales	20,157	6,355	14,446	4,110	12,594
a Cost of Good Sold	*(17,096)*	*(5,007)*	*(12,083)*	*(3,350)*	*(10,594)*
2 Gross Profit	3,061	1,348	2,364	761	2,000
a Operating Expenses	(672)	(315)	(633)	(277)	(589)
3 Operating Profit	2,388	1,033	1,731	484	1,410
a Non Operating Income or (Expense)	*459*	*60*	*259*	*37*	*241*
4 Profit or (Loss) before Interest and Tax	2,848	1,093	1,990	521	1,651
a Total Finance Cost	*(789)*	*(305)*	*(1,067)*	*(490)*	*(887)*
b Taxation	*(203)*	*(82)*	*(218)*	-	*(134)*
6 Net Income Or (Loss)	1,856	706	705	31	630
C CASH FLOW STATEMENT					
a Free Cash Flows from Operations (FCFO)	*2,943*	*1,251*	*2,347*	*673*	*2,199*
b Net Cash from Operating Activities before Working Capital Changes	*2,254*	*1,097*	*1,196*	*339*	*1,397*
c Changes in Working Capital	*428*	*(10,988)*	*(827)*	*(6,413)*	*120*
1 Net Cash provided by Operating Activities	2,681	(9,890)	369	(6,074)	1,517
2 Net Cash (Used in) or Available From Investing Activities	(2,135)	27	(373)	(170)	(1,043)
3 Net Cash (Used in) or Available From Financing Activities	(385)	9,789	120	6,297	(488)
4 Net Cash generated or (Used) during the period	162	(74)	116	53	(13)
D RATIO ANALYSIS					
1 Performance					
a Sales Growth (for the period)	39.5%	-12.0%	14.7%	-34.7%	--
b Gross Profit Margin	15.2%	21.2%	16.4%	18.5%	15.9%
c Net Profit Margin	9.2%	11.1%	4.9%	0.7%	5.0%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	16.7%	-153.2%	10.5%	-139.6%	18.4%
*e Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/Sh*	39.4%	34.2%	20.6%	2.0%	20.5%
2 Working Capital Management					
a Gross Working Capital (Average Days)	62	254	53	259	41
b Net Working Capital (Average Days)	56	242	44	210	29
c Current Ratio (Current Assets / Current Liabilities)	4.0	10.2	4.0	4.4	5.7
3 Coverages					
a EBITDA / Finance Cost	3.9	4.3	2.3	1.4	2.8
b FCFO / Finance Cost+CMLTB+Excess STB	2.3	2.1	1.4	0.5	1.2
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	1.5	1.6	1.9	8.6	2.0
4 Capital Structure					
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	54.3%	79.3%	66.0%	81.3%	70.0%
b Interest or Markup Payable (Days)	77.4	173.9	47.6	169.9	129.9
c Entity Average Borrowing Rate	6.8%	4.8%	11.3%	9.4%	11.6%

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.

(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