The Pakistan Credit Rating Agency Limited

Rating Report

Engro Fertilizers Limited

Report Contents

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Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
29-Jul-2022	AA	A1+	Stable	Maintain	-
29-Jul-2021	AA	A1+	Stable	Maintain	-
29-Jul-2020	AA	A1+	Stable	Maintain	-
30-Jul-2019	AA	A1+	Stable	Maintain	-
28-Jan-2019	AA	A1+	Stable	Maintain	-
27-Jul-2018	AA	A1+	Stable	Upgrade	-
30-Dec-2017	AA-	A1+	Stable	Maintain	-
20-Apr-2017	AA-	A1+	Stable	Maintain	-
18-Nov-2016	AA-	A1+	Stable	Maintain	-

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 ~ 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 Engro Fertilizers Limited's ('EFert' or 'the Company') sound risk profile. EFert derives strength from its parent company i.e., Engro Corporation Limited ('Engro Corp'), the largest conglomerate in Pakistan. The Company's capacity utilization of both Urea and NPK remained strong, primarily attributable to continued gas supply and improved plant efficiencies, evident from improved production of Urea during CY21. The Company reaps benefits from the incentivized gas pricing. Moreover, EFert is pursuing an extension of concessionary gas till the number of days for which the supply of gas was curtailed. EFert continues to increase its topline backed by volumetric growth. The Company has also diversified its product portfolio into other agri-based products and has maintained healthy margins and profitability, over the years. Moreover, stable income from the subsidiary company provides support to the Company's bottom line. A moderately leveraged capital structure with very strong coverages and significant liquidity leads to a robust financial profile. Ratings draw comfort from sponsors' business acumen and their widespread reach. A strong governance framework and numerous corporate awards add strength to the Company's profile.

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. Prudent management of the working capital, cash flows, and coverages are imperative for the ratings.

Disclosure

Name of Rated Entity	Engro Fertilizers 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 Engro Fertilizers Limited ("EFert" or "the Company") is a public listed company, incorporated in 2009.

Background Continual expansions and diversifications in the Company's enterprises necessitated a broad restructuring in Engro Chemical Pakistan Ltd. which demerged to form a new Engro subsidiary – Engro Fertilizers Limited in the year 2010. The shareholding was gradually reduced from 100% as part of strategic re-alignment to explore new opportunities in other promising sectors involved.

Operations EFert has its registered office located at Marine Drive Block 4, Clifton Karachi. The Company has three production facilities in total, out of which two are Urea plants located in Daharki (Base and Enven Plant) and one NPK plant in Port Qasim, Karachi. The total designed capacity of EFert's urea plants – base plant: 975,000 MT per annum and Enven: 1,300,000 MT per annum – accounts for ~33% of industry's demonstrated capacity – second largest capacity. NPK has total capacity of 100,000MT. In CY21, the total production of urea fell (CY21: ~ 2,104,722MT, CY20: ~2,263,806MT) with a utilization level of ~95%. On the other hand, NPK witnessed a improvement in production and stood at CY21: ~ 144,564 (CY20: ~127,082MT) with a utilization level of ~145%

Ownership

Ownership Structure EFert is majority owned by Engro Corporation (~56%), one of the largest conglomerates in Pakistan. Rest of the ownership lies with general public (~24%), financial institutions (~3%), mutual funds (~3%), insurance companies (~2%) and others (~12%).

Stability The ownership structure of the Company is seen stable in foreseeable future as majority of shareholding vests with the sponsors through Engro Corp.

Business Acumen Engro Corp is a conglomerate with over three generations of experience in commercial and social enterprises. Currently, the Group has interests in various sectors including Fertilizer, Foods, Power Generation, Technology, Financial Services, Chemical Storage, and Petrochemicals. Strong affiliation and technical track record with international JVs have added to the success of companies within the Group.

Financial Strength In CY21, EFert has consolidated equity of ~PKR 47(CY20:~PKR 47bln). Moreover, the Group is managing an asset base of ~PKR 133bln (CY20:~PKR 132bln). Through its diverse set of business, it is generating a turnover of ~PKR 132bln (CY20:~PKR 106bln) and posted PAT of ~PKR 21bln (CY20:~PKR 18bln).

Governance

Board Structure The control of the Board vests with eight-member Board of Directors. There are four Non-Executive Directors, three Independent Directors and one Executive Director. Majority of the members have long association with the Company.

Members' Profile The Company's Board is chaired by a seasoned professional Mr. Ghias Khan. He is the CEO of the parent company i.e., Engro Corp, with a long association with Engro Group. All members of the BoD have diversified experience and have been associated with the Company's BoD for a long span of time.

Board Effectiveness The Board has two sub-committees to assist in relevant matters, namely – Audit Committee and People Committee. Both committees are chaired by an independent director. Attendance of members in Board meetings during the year remained strong. The minutes of these meetings were well documented.

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

Management

Organizational Structure The Company has a well-defined organizational structure divided into eleven departments. Five of the departments are centralized at the Group level. All functional heads report to the Company's CEO, who then reports to the BoD. However, the Head of Internal Audit and the Head of Human Resource reports administratively to the CEO and functionally to the Board's Audit and People's Committee, respectively.

Management Team Mr. Ahsan Zafar Syed has been appointed as Chief Executive Officer of EFert and is effective from Jul-22 . Earlier, he was the CEO of Engro Energy Limited and is aided by a team of experienced professionals.

Effectiveness The management is assisted by four committees i.e., Management, Pricing, Corporate HSE, and Capex Committee. Meetings of the committees are held on a periodic basis to ensure efficiency and strategic planning.

MIS EFert uses a comprehensive ERP system at the Group level – OneSAP. It is an end-to-end system that integrates information on a single platform, unifying Group's reporting and promoting collaboration through shared data.

Control Environment EFert has an in-house internal audit function which is responsible for monitoring compliance, inherent and other risks associated with the operations.

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 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.

Relative Position EFert is the second-largest player in the fertilizer industry with a market share of ~33% in Urea and ~18% in Phosphates (as of CY21).

Revenues The Company's combined capacity utilization of ~95% translates into aggregate Urea production of ~2,105KT, ~7% lower than CY20. NPK production witnessed an increase of ~13% in CY21 and stood at ~144KT (CY20~127KT). The Company's revenue increased in CY21, reporting growth of ~21% due to an increase in prices. The revenues remain strong and stood at ~PKR 91bln (CY20: ~PKR 75bln).

Margins In CY21, the gross profit increased to ~PKR 36bln (CY20: ~PKR 29) owing to higher Urea sales maintaining the gross margin of ~39%. Moreover, the operating expenses witnessed a steep hike to ~PKR 9.6bln (CY20: ~PKR 9.2bln). Consequently, the operating margin declined to ~27% (CY19: ~31%). The bottom line is supported by dividends (CY21: ~PKR 4.8bln, CY20: ~PKR 426mln) and interest income (CY21: ~PKR 1.9bln, CY20: ~PKR 2.7bln). The finance cost of EFert declined significantly due to lower utilization of borrowing limits. As a result, the net margin stood at ~23.3% (CY20: ~22.6%).

Sustainability The Company continues to explore new avenues, particularly in pesticides and agri farming sectors, these are expected to yield positive results in the long run. Moreover, the Company is actively evaluating alternate sources of gas with the Government to mitigate the risk of depleting gas reserves.

Financial Risk

Working Capital In CY21, the inventory days posted a slight dip to 24 days (CY20: 25 days) due to higher sales. Receivable days reduced significantly (CY21: 8 days, CY20: 29 days). Trade payable days witnessed a fall to 25 days (CY20: 33 days). In accumulation, the gross and net working capital days deteriorated to 32 days (CY21: 54 days) and 8 days (CY20: 21 days), respectively. In 1QCY22, the Company maintained its gross working capital days. However, the Company posted a negative borrowing cushion.

Coverages In CY21, the Company's FCFO increased to ~PKR 25.1bln (CY20: ~PKR 22.7bln) due to higher profitability. Meanwhile, the finance cost declined significantly to ~PKR 1.7bln in CY21 (CY20: ~PKR 3.3bln). Consequently, the interest coverage increased (CY21: 14.9x, CY20 6.9x). Hence, the core and total coverage witnessed a rise to 3.4x (CY20: 1.7x) and 4.3x (CY20: 1.9x) owing to higher debt repayments (CY21: ~PKR 9.4bln, CY20: ~PKR 8.8bln). In 1QCY22, the interest coverage reduced significantly to 9.3x due to low profitability. The core and total coverage fell to 2.5x and 3.8x, respectively.

Capitalization EFert has a moderately leveraged capital structure with a leveraging ratio of ~36.9% in CY21 (CY20: ~35.6%). In CY21, the Company has increased its reliance on short-term borrowings, and currently, it is only ~15.5% (CY20: ~1% of the total borrowings).

The Pakistan Credit Rating Agency Limited

Financial Summary
PKR mln

Engro Fertilizers Fertilizers	Mar-22 3M	Dec-21 12M	Dec-20 12M	Dec-19 12M
A BALANCE SHEET				
1 Non-Current Assets	80,243	78,393	70,891	71,158
2 Investments	14,667	14,097	25,075	5,502
3 Related Party Exposure	3,454	8,132	837	16,449
4 Current Assets	30,537	28,188	31,463	35,999
a Inventories	*6,306*	*5,176*	*6,720*	*3,569*
b Trade Receivables	*2,051*	*2,152*	*2,028*	*10,010*
5 Total Assets	128,901	128,811	128,265	129,108
6 Current Liabilities	44,504	37,499	35,875	34,863
a Trade Payables	*14,040*	*5,318*	*6,944*	*6,792*
7 Borrowings	18,413	21,333	23,880	32,555
8 Related Party Exposure	3,501	5,200	1,066	6,400
9 Non-Current Liabilities	19,127	19,461	22,458	12,437
10 Net Assets	43,355	45,318	44,986	42,853
11 Shareholders' Equity	43,355	45,318	44,986	42,853
B INCOME STATEMENT				
1 Sales	24,332	90,585	75,056	79,237
a Cost of Good Sold	*(17,525)*	*(55,087)*	*(45,994)*	*(46,524)*
2 Gross Profit	6,807	35,498	29,062	32,713
a Operating Expenses	(2,263)	(9,649)	(9,168)	(7,971)
3 Operating Profit	4,544	25,849	19,893	24,742
a Non Operating Income or (Expense)	*1,785*	*3,742*	*2,302*	*6,181*
4 Profit or (Loss) before Interest and Tax	6,330	29,591	22,196	30,923
a Total Finance Cost	*(501)*	*(1,680)*	*(3,278)*	*(3,688)*
b Taxation	*(1,115)*	*(6,841)*	*(2,103)*	*(8,673)*
6 Net Income Or (Loss)	4,714	21,069	16,815	18,563
C CASH FLOW STATEMENT				
a Free Cash Flows from Operations (FCFO)	*4,672*	*25,067*	*22,695*	*21,136*
b Net Cash from Operating Activities before Working Capital Changes	*6,626*	*31,857*	*22,396*	*21,753*
c Changes in Working Capital	*6,515*	*(8,280)*	*8,469*	*1,957*
1 Net Cash provided by Operating Activities	13,141	23,577	30,865	23,710
2 Net Cash (Used in) or Available From Investing Activities	588	5,977	(8,456)	(3,030)
3 Net Cash (Used in) or Available From Financing Activities	(12,798)	(19,599)	(22,436)	(17,912)
4 Net Cash generated or (Used) during the period	930	9,955	(27)	2,768
D RATIO ANALYSIS				
1 Performance				
a Sales Growth (for the period)	7.4%	20.7%	-5.3%	19.8%
b Gross Profit Margin	28.0%	39.2%	38.7%	41.3%
c Net Profit Margin	19.4%	23.3%	22.4%	23.4%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	46.0%	18.5%	41.5%	29.1%
*e Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/Shareholders' Equity)]*	42.5%	46.7%	38.3%	43.2%
2 Working Capital Management				
a Gross Working Capital (Average Days)	29	32	54	44
b Net Working Capital (Average Days)	-7	8	21	17
c Current Ratio (Current Assets / Current Liabilities)	0.7	0.8	0.9	1.0
3 Coverages				
a EBITDA / Finance Cost	10.3	16.4	7.8	8.3
b FCFO / Finance Cost+CMLTB+Excess STB	2.5	3.4	1.7	1.7
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	1.1	1.0	1.3	1.8
4 Capital Structure				
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	30.9%	36.9%	35.6%	43.2%
b Interest or Markup Payable (Days)	62.3	56.5	29.0	54.9
c Entity Average Borrowing Rate	9.2%	7.3%	11.7%	12.0%

Credit Rating

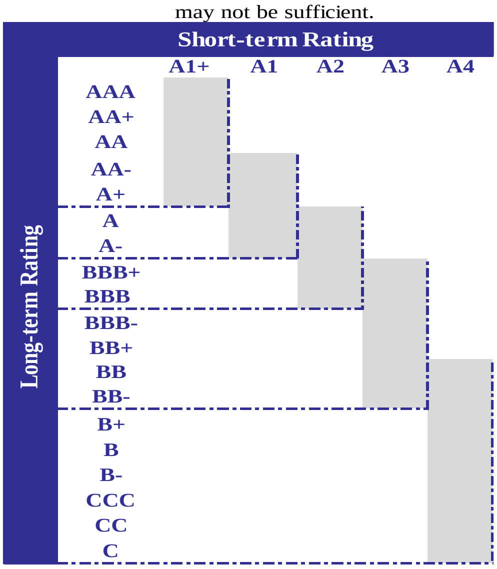
Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

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