The Pakistan Credit Rating Agency Limited

Rating Report

Jadeed Oil Extraction (Private) Limited

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
07-Feb-2024	BBB-	A3	Positive	Maintain	-
10-Feb-2023	BBB-	A3	Positive	Maintain	-
11-Feb-2022	BBB-	A3	Positive	Maintain	-
06-Jan-2022	BBB-	A3	Positive	Maintain	-
09-Jan-2021	BBB-	A3	Stable	Initial	-

Rating Rationale and Key Rating Drivers

Pakistan's edible oil industry is heavily reliant on imports since oilseeds and edible oil account for ~80% of the cost of production. Edible oil is one of the highest imported commodities in Pakistan. The Genetically Engineered (GE) import ban is removed by third quarter FY23, total oilseed imports are forecasted to reach 2.6 million tons in FY24, which would be 71% higher than the estimated use for FY23. The price of Soybean oilseed stood at 1200 USD/MT in Jun-23, whereas the price of Palm Oil stood at 800 USD/MT in Jun-23, forecasted to ease further. Due to the rise in input costs, especially raw material cost, many companies have experienced a reduction in their profit margins and faced working capital shortages. Total oilseed production in FY24 is projected to increase to 2.95mln Tons. Higher selling prices have increased revenues substantially for the refineries; despite the rise in input costs could not be fully covered and gross profit margins have also been reduced Future outlook of the industry is developing due to price volatility and PKR depreciation.
The rating reflects Jadeed Oil's affiliation with Jadeed Group, a prominent and integrated entity in the poultry supply chain. With a substantial presence throughout the poultry supply chain, the Group engages in importing and breeding grandparent poultry stock, notably Ross-308. Jadeed Oil plays a pivotal role in supporting the Group's vertical integration strategy. The Company's business line includes two main products: meal and semi refined edible oil. Lately, Jadeed oil has installed the multi-seed plant designed for crushing local seed like Canola and rape seed. The Company's topline increased but showed a modest growth.(FY23: PKR 18bln, FY22: PKR 17bln). The topline remains dominated by soybean and canola meal (~72%) only to its Group Company- Jadeed Feeds. While semi-refined edible oil is sold in bulk. Being an importer of soybean oilseed, the Company remains exposed to the inherent risk related to currency fluctuations and raw material cost. This along with increased prices and the shrink business margins. The net income showed a reduction, PKR 66mln from PKR 574mln due to the GMO case concerning Soybean which resulted in increased costs, regulatory hurdles, and market uncertainties, affecting production efficiency and overall profitability. As a result, the company faced challenges in maintaining its previous levels of profitability. The Company's financial risk profile is stretched due to high interest rates exerting the coverage ratios. Working capital requirement are expected to further elevate to support the cycle, however, Group's integrated presence in the poultry sector provides comfort to the ratings.

Sustaining a positive outlook relies on upcoming quarters showcasing strong financial growth and maximizing synergies within the group. The management's ability to prudently manage the liquidity and debt profile of the Company while improving sales remain crucial. Any significant and/or prolonged deterioration in revenues and/or coverages will adversely impact the ratings.

Disclosure

Name of Rated Entity	Jadeed Oil Extraction (Private) Limited
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	Methodology | Corporate Rating(Jul-23),Methodology | Correlation Between Long-term & Short-term Rating Scales(Jul-23),Methodology | Rating Modifiers(Apr-23)
Related Research	Sector Study | Edible Oil(Feb-23)
Rating Analysts	Muhammad Zain Ayaz | zain.ayaz@pacra.com | +92-42-35869504

Profile

Legal Structure Jadeed Oil Extraction (Pvt.) Limited ('Jadeed Oil' or 'the Company') was incorporated in Nov-17 as a Private Limited Company as per the Company Act, 2017.

Background Mr. Javaid, along with his brothers, set up poultry business in 1980's. In 2008, the Group setup its first feed mill with a manufacturing capacity of 60MT/hr. In 2016, another feed mill was setup with a capacity of 120MT/hr. In 2017, the Group setup its edible oil mill, as its backward integration plan. Lately, the Group increased its combined feed manufacturing capacity to 240MT/hr and merged Jadeed Farms and Jadeed GP Farms with and into Jadeed Feeds.

Operations Jadeed Oil is primarily engaged in the process of seed crushing and solvent extraction by mechanical and chemical processes. As of FY23, the Company has a seed crushing capacity of 180,000 MT/ annum and a refining capacity of 36,500 MT/annum. Capacity utilization for seed crushing/solvent extraction posted a decreasing trend and stood at ~55% (FY22: ~86%) due to a low volume supply of soybean oil seed. Whereas, capacity utilization for refining also reduced to ~41% (FY22: ~77%).

Ownership

Ownership Structure The Company is owned by the family of late Mr. Mian Muhammad Javaid. Jadeed Oil is majorly owned by Jadeed Feeds (~48%) and with Mr. Javaid's two sons, Mr. Shoaib Javaid and Mr. Safwan Javaid (~20% each) The remaining stake resides among Mr. Javaid's daughters, Ms. Maimoona Javaid and Ms. Fariha Javaid (~4% each) and his wife, Mrs. Shazia Javaid (~3%).

Stability A family-concentrated ownership structure brings stability with effective succession planning in place. With the demise of the previous sponsor, Mr. Javaid, the succession planning was evident with the ownership being passed onto the next generation. Moreover, ownership structure remains stable with a further succession plan also in place.

Business Acumen Jadeed Group has experienced multiple business cycles and have maintained their league since 2005. The Group is among the few players that imports and breeds Grand Parent stock and is among the highest GP chick producers in Pakistan.

Financial Strength The Group has substantial financial strength with a consolidated asset base of PKR ~43bln and an equity base of ~PKR 13bln as of FY23. Group's turnover and PAT stood at ~PKR 84bln and PKR 1.7bln, respectively, during FY23

Governance

Board Structure The Company's BoD comprises of five Directors from the sponsoring family, including two Executive and three Non Executive Directors. However, independent oversight and diversity is required for a streamlined governance structure.

Members' Profile The BoD members are very well equipped with the relevant business knowledge. Mr. Shoaib has lately become the CEO after Mr. Javaid death and has ~ 13 years of experience in poultry and allied chain. Mr. Safwan also have above a decade of experience and are actively managing operations.

Board Effectiveness The BoD is assisted by Board Audit Committee, comprising 5 members. The Committee is headed by Mr. Safwan and meets on quarterly basis. Minutes of the BoD and Committee meetings are adequately maintained

Financial Transparency External auditors Muniff Ziauddin and Co. Chartered Accountants have expressed an unqualified opinion on the financial statements of the Company for year ended Jun-23. The firm has been QCR rated and is in category A of SBP's panel.

Management

Organizational Structure The Company have three functions: Production, Finance and Sales & Marketing. Whereas, support departments work as shared services for the Group. All functions eventually report to the CEO, who then makes pertinent decisions

Management Team Jadeed Oil's management comprises experienced professionals. Mr. Shoaib Javaid, Group's CEO, has significant experience and expertise in the poultry and feeds industry of around 13 years. The Company's CFO Mr. Yasar Ali, an FCA has an overall experience of 15 years.

Effectiveness Management's effectiveness is ensured through the presence of Sales and Management committee setup at Group level. The Committee, comprising 5 members, is headed by an Executive Director, meets on need basis to manage and monitor pertinent business matters in timely manner.

MIS Customized software, installed by Sidat Hyder, is used at group. Standardized reports are generated as per requirement

Control Environment Internal Audit Function has been setup at Group level which ensures operational efficiency and implementation of policies and procedures of the Company.

Business Risk

Industry Dynamics Pakistan's edible oil industry is heavily reliant on imports since oil seed than the edible oil account for~80% of the cost of production. Edible oil is one of the highest imported commodities in Pakistan. The Genetically Engineered (GE) import ban is removed by third quarter FY23, total oilseed imports are forecasted to reach 2.6 million tons in FY24, which would be 71% higher than FY23. The price of Soybean oilseed stood at 1200 USD/MT in Jun-23,whereas the price of Palm Oil stood at 800 USD/MT in Jun-23, forecasted to ease further. Due tothe rise in input costs, especially raw material cost, many companies have experienced a reduction in their profit margins and faced working capital shortages. Total oilseed production in FY24 is projected to increase to 2.95 mln Tons. Higher selling prices have increased revenues substantially for the refineries; despite the rise in input costs could not be fully covered and gross profit margins have also been reduced.

Relative Position Jadeed Oil has a stable market share of ~2% in terms of revenue, and ~2.1% in terms of production. However, the Group is among the largest poultry players of the Pakistan.

Revenues The Company mainly generates revenue by selling Soybean meal, Semi-Refined Soybean Oil, Soybean Crude Oil and Soybean Hull. The Company's top 10 customers generate around 96% of total revenue. Around ~64% of the Company's total revenue is generated by selling Soybean Meal to a Group Company, Jadeed Feeds. The Company's topline posted a slight growth of ~9.6% and reported at ~PKR 18bln during FY23 (FY22: ~PKR 17bln) owing to low supply of soymeal and increased prices. In 1QFY24 topline stood at PKR ~2.6bln from PKR 5.7bln, due to significant volumetric decrease of soybean.

Margins Amidst the increase in price of soybean the Company's gross margin reduced and stood at ~6.6% during (FY22: ~7.1%). On an operational level, margins followed a similar trend and stood at ~6.1% during FY23 (FY22: 6.5%). The Company's bottom-line posted a sharp decline to PKR 66mln (FY22: PKR 574mln) owing to high finance and operational cost. Net margins followed a similar trajectory and stood at 0.4% (FY22: 3.3%). During 1QFY24 gross margin declined to ~10.1% (1QFY23: ~7.9%) due to increase import cost of raw material. Operational margin stood at ~9% (1QFY23 ~7.4%). The Company's bottom-line posted a decline to PKR 11mln during 1QFY24 (1QFY23: PKR 132mln) owing to trickledown effect. Net profit margin stood at ~0.4% from 2.3%

Sustainability The Group has started a commercial venture for the construction of 35 storage facility. Land has been acquired and partial sale and partial rental business model would be followed.

Financial Risk

Working Capital In FY23, the Company's inventory days improved to 135 days (FY22: 142 days) owing to precautionary buying of inventory during supply chain disruptions. The Company makes sales only on cash or advance payment, thus, has no trade receivables outstanding. Meanwhile, trade payable days remains stable and stood at 2 days in FY23 (FY22: 2 day). The Company's room to borrow stood at (-17%) in FY23 (FY22: 26%) but is still limited against total assets. In 1QFY24 Inventory days deteriorated to 199 days from 116 days as Company made a excess procurement of raw material. Payables increased to 1 days. The Company's room to borrow stood at (-17.2%) in 1QFY24 (1QFY23: -0.7%) against total assets.

Coverages During FY23 free cash flows increased and stood at PKR 928mln (FY22: PKR 443mln) The Company's finance cost increased to PKR 1,082mln (FY22: PKR 503mln). Interest cover remained stable at 0.9x during FY23 (FY22: 0.9x). Core and total interest cover similar trend and stood at 0.8x (FY22: 0.9x). Moreover, debt payback stood at (0.4x) days (FY22: 0.1x).

Capitalization The Company has moderately leveraged capital structure with debt-to-equity ratio declined and stood at ~52% (FY22: 68%). The total debt of the company decreased to PKR 3.6bln in FY23 (FY22: PKR 6.8bln). The decrease represents of short-term borrowings due to high cost to procure raw material. In 1QFY24 leverage decreased to ~57% with total debt of PKR 4.3bln

The Pakistan Credit Rating Agency Limited

Financial Summary
PKR mln

Jadeed Oil Extraction (Pvt.) Ltd Edible Oil	Sep-23 3M	Jun-23 12M	Mar-23 9M	Dec-22 6M	Sep-22 3M	Jun-22 12M	Jun-21 12M
A BALANCE SHEET							
1 Non-Current Assets	1,212	1,016	637	733	756	701	808
2 Investments	-	-	-	-	-	-	-
3 Related Party Exposure	-	-	-	-	-	-	-
4 Current Assets	11,204	11,570	11,333	8,652	11,452	9,727	6,599
a Inventories	*5,676*	*6,116*	*6,469*	*5,072*	*6,894*	*7,791*	*5,574*
b Trade Receivables	-	-	-	-	-	-	*0*
5 Total Assets	12,416	12,586	11,969	9,386	12,208	10,427	7,407
6 Current Liabilities	4,812	5,715	2,886	1,096	1,692	366	392
a Trade Payables	*33*	*40*	*474*	*87*	*61*	*140*	*60*
7 Borrowings	4,342	3,620	5,547	4,697	7,200	6,877	4,405
8 Related Party Exposure	-	-	-	-	-	-	-
9 Non-Current Liabilities	-	-	-	-	-	-	-
10 Net Assets	3,262	3,251	3,537	3,592	3,316	3,185	2,610
11 Shareholders' Equity	3,262	3,251	3,537	3,592	3,316	3,185	2,610
B INCOME STATEMENT							
1 Sales	2,697	18,816	17,530	12,469	5,761	17,158	13,349
a Cost of Good Sold	*(2,425)*	*(17,570)*	*(16,209)*	*(11,425)*	*(5,306)*	*(15,934)*	*(12,575)*
2 Gross Profit	273	1,246	1,322	1,044	456	1,224	773
a Operating Expenses	(29)	(89)	(106)	(53)	(27)	(101)	(91)
3 Operating Profit	244	1,156	1,216	991	429	1,123	682
a Non Operating Income or (Expense)	-	*(5)*	-	-	-	*(43)*	*(27)*
4 Profit or (Loss) before Interest and Tax	244	1,151	1,216	991	429	1,080	655
a Total Finance Cost	*(232)*	*(1,085)*	*(863)*	*(583)*	*(297)*	*(506)*	*(276)*
b Taxation	-	-	-	-	-	-	-
6 Net Income Or (Loss)	11	66	353	408	132	574	379
C CASH FLOW STATEMENT							
a Free Cash Flows from Operations (FCFO)	*230*	*928*	*1,376*	*1,204*	*599*	*443*	*466*
b Net Cash from Operating Activities before Working Capital Changes	*56*	*(143)*	*595*	*673*	*316*	*17*	*177*
c Changes in Working Capital	*(500)*	*3,860*	*773*	*1,693*	*(445)*	*(2,446)*	*(2,789)*
1 Net Cash provided by Operating Activities	(445)	3,717	1,368	2,365	(128)	(2,429)	(2,612)
2 Net Cash (Used in) or Available From Investing Activities	(223)	(439)	(8)	(80)	(79)	(1)	(25)
3 Net Cash (Used in) or Available From Financing Activities	722	(3,257)	(1,330)	(2,180)	323	2,472	2,670
4 Net Cash generated or (Used) during the period	55	21	30	106	116	42	33
D RATIO ANALYSIS							
1 Performance							
a Sales Growth (for the period)	-42.7%	9.7%	36.2%	45.3%	34.3%	28.5%	0.0%
b Gross Profit Margin	10.1%	6.6%	7.5%	8.4%	7.9%	7.1%	5.8%
c Net Profit Margin	0.4%	0.4%	2.0%	3.3%	2.3%	3.3%	2.8%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	-10.0%	25.4%	12.3%	23.2%	2.7%	-11.7%	-17.4%
*e Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/Sh*	1.4%	2.1%	14.0%	24.1%	16.2%	19.8%	14.5%
2 Working Capital Management							
a Gross Working Capital (Average Days)	199	135	111	94	116	142	152
b Net Working Capital (Average Days)	198	133	107	92	115	140	151
c Current Ratio (Current Assets / Current Liabilities)	2.3	2.0	3.9	7.9	6.8	26.6	16.8
3 Coverages							
a EBITDA / Finance Cost	1.2	1.2	1.5	1.8	1.5	2.4	2.8
b FCFO / Finance Cost+CMLTB+Excess STB	1.0	0.8	1.6	2.1	2.0	0.9	1.6
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	-4.6	-0.4	0.0	0.1	0.1	-0.1	0.2
4 Capital Structure							
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	57.1%	52.7%	61.1%	56.7%	68.5%	68.3%	62.8%
b Interest or Markup Payable (Days)	82.8	51.2	70.1	59.8	47.1	100.1	78.2
c Entity Average Borrowing Rate	18.2%	19.4%	19.7%	20.7%	20.6%	9.7%	6.6%

Corporate Rating Criteria
Scale

Credit Rating

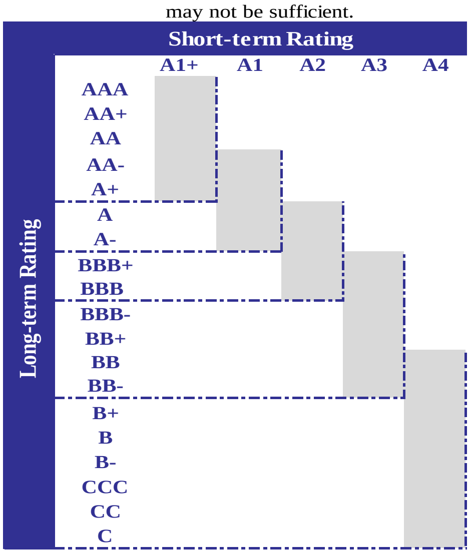
Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

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):

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

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

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

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

Conduct of Business
(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
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(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)

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(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 | 17-(a)
(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(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 | 17-(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 | 17-(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 | 14-3(f)(vii)
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