



The Pakistan Credit Rating Agency Limited

## Rating Report

### Reliance Weaving Mills Limited

#### Report Contents

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#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
24-Jun-2021	A-	A2	Positive	Maintain	-
26-Dec-2020	A-	A2	Stable	Maintain	-
27-Dec-2019	A-	A2	Stable	Maintain	-
28-Jun-2019	A-	A2	Stable	Maintain	-
31-Dec-2018	A-	A2	Stable	Upgrade	-
25-Apr-2018	BBB	A3	Stable	Maintain	-
30-Jun-2017	BBB	A3	Stable	Upgrade	-
11-Nov-2016	BBB-	A3	Stable	Initial	

#### Rating Rationale and Key Rating Drivers

The ratings reflect moderate business risk profile of Reliance Weaving Mills Limited ("Reliance Weaving" or "the Company") emanating from volumetric growth in exports and better pricing. Over the years, the Company has undertaken continuous BMR translating into operational efficiencies and higher production volumes. The Company has improved its overall margins despite the higher cotton price. Moreover, the Company has ramped up the capacity utilization significantly, in both spinning and weaving segments, give a comfortable picture, ahead. Going forward, the Company aims to undertake further expansion into spinning and weaving, financed through a mix of internal and external sources. Recent induction of independent directors on the Board has improved governance structure. The Company has a sizeable strategic investment in the energy sector in a group company. Reliance Weaving has a relatively squeezed financial capacity when considering leverage. However, the Company has availed moratorium relief, hence principal repayments are deferred for a year. Ratings positively take in to account the track record and presence of experienced & professional management team which possesses considerable experience in the textile business. The assigned ratings incorporate strong sponsors support and the explicit guarantee provided by majority sponsors on all debt related obligations of the Company. Moreover, synergies between the group companies are considered positive. The Positive Outlook signifies the improved revenue and profitability along with the other improved financial parameters. Moreover, comfort can also be drawn from the business risk profile backed by the healthy growth in the business correspondent space as well as benefits from the strong financial position of the sponsors.

The ratings are dependent on the management's ability to prudently manage the liquidity and debt profile of the Company, particularly working capital, while sustaining and improving its business margins. Going forward, support from sponsors would remain critical.

#### Disclosure

<b>Name of Rated Entity</b>	Reliance Weaving Mills Limited
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Entity Rating
<b>Applicable Criteria</b>	Methodology   Corporate Ratings(Jun-20),Methodology   Correlation Between Long-Term And Short-Term Rating Scale(Jun-20),Criteria   Rating Modifier(Jun-20)
<b>Related Research</b>	Sector Study   Composite(Nov-20)
<b>Rating Analysts</b>	Muhammad Noor Ul Haq   noorulhaq@pacra.com   +92-42-35869504

## Profile

**Legal Structure** Reliance Weaving Mills Limited (Reliance Weaving) commenced its operations in 1990 as a public limited company.

**Background** Reliance Weaving is associated with Fatima Group since its inception. The Company started its operations with a small scale weaving unit based in Multan. Later on, the Company entered into spinning segment by acquiring a company in 1999, located at Rawat, Rawalpindi. Presently, the Company operates with three weaving units, all located in Multan and two spinning units, one in Rawat and other in Multan.

**Operations** Currently, the Company operational capacity comprises 65,280 spindles and 427 looms. The Company is capable of producing high quality cotton yarn, and greige fabric. The energy requirement of the Company is sourced through eight gas-fired captive power generators, which is sufficient for energy requirement. Furthermore, MEPCO and LESCO connections are kept as back-up arrangement.

## Ownership

**Ownership Structure** Reliance Weaving is a family owned business with majority stake (82%) held by Fatima Group. Out of which (79%) stake rests with Fatima family individuals. The remaining is spread among financial institutions and general public.

**Stability** The major positions in Reliance Weaving are held by Fatima Family members. However, succession planning and transfer of ownership to next generation is not documented yet.

**Business Acumen** The Sponsors have presence of around three decades in local textile industry through Reliance Weaving, developing expertise over time. Mr. Faisal Ahmed (CEO) is the key person in managing the Company's operations and he has requisite expertise of textile sector in order to spearhead the Company.

**Financial Strength** Fatima Group is one of the leading corporate groups in Pakistan with interests in sugar, textiles, fertilizer, packaging and foreign trade. The Sponsors have strong financial muscle and are willing to support Reliance Weaving, if needed.

## Governance

**Board Structure** The overall control of the Company vests in seven-member board of directors with the Chairman – Mr. Fawad Ahmed Mukhtar and the CEO – Mr. Faisal Ahmed Sheikh. Five directors are Fatima Group's family members, including two executive directors, while two members are independent directors.

**Members' Profile** Board members have diversified experience, and relatively long association with the Company. The Chairman of board, Mr. Fawad Ahmed, is a graduate, having a experience of around three decades in textile value chain.

**Board Effectiveness** Control of the board vests with Fatima Group, with strong independent oversight providing constructive challenge; thus portraying effective governance. Meanwhile, Audit, HR and Risk management committees are in-place to assist the board on relevant matters.

**Financial Transparency** Shinewing Hameed Chaudhri & Co., Chartered Accountants is the external auditor of the Company. The auditor has given an unqualified opinion for the period ended FY20.

## Management

**Organizational Structure** The organizational structure of the Company is divided into various functions, including: (i) Finance & Accounts, (ii) Production, (iii) Procurement, (iv) Marketing, (v) Administration & Human Resource and (vi) Internal Audit. The hierarchy of HoD's is channeled through Executive Directors, who then reports to the CEO. This segregation of responsibilities ensures smooth flow of the Company's operations.

**Management Team** The CEO - Mr. Faisal Ahmed, a textile industry veteran, has a diversified experience. He is supported by a team of seasoned professionals.

**Effectiveness** The Company's management meetings are held on periodic basis to highlight potential challenges and to devise both counter and growth strategies. In these meetings the Company's current performance and liquidity position is reviewed. Furthermore, need based meeting are called in order to resolve bottlenecks, ensuring efficiency in operations.

**MIS** Cognizant of the importance of real-time information, Reliance Weaving has deployed Oracle based ERP solution with advanced technology infrastructure.

**Control Environment** Reliance Weaving maintains a documented 'quality policy' with clear focus on customer satisfaction and commitment to excellence. The Company is accredited with number of certifications for compliance to the following latest Quality Assurance Standards, including: ISO 9001, Oeko-Tex Standard 100 (AITEX Spain), Better Cotton Initiative (Switzerland), Global Organic Textile Standard, Global Recycled Standard, Organic Content Standard, Organic Blended Content Standard.

## Business Risk

**Industry Dynamics** The country's textile group exports have witnessed 9.1% growth during 9MFY21 and remained at \$11.4bln compared to \$10.4bln during the same period last year. Textile group exports have witnessed an increase of 9.9% in Mar'21 (\$1.35bln) as compared to Feb'21(\$1.2bln), whereas it has registered a growth of 30.4% on YoY basis (Mar'21: \$1.3bln; Mar'20: \$1.03bln). COVID-19 pandemic and related lock down imposed by the governments around the globe in FY20 had its ramifications however Pakistani textile exports have been seen rebounding in 6MFY21. Most of the segments recorded incline in prices (USD terms) which is positive. The export outlook is likely to remain stable in the medium term as textile units have been operating at optimized capacity levels.

**Relative Position** On stand alone basis the Company has minimal share in local market.

**Revenues** The Company's revenue witnessed consistent growth over the years, mainly on account of operational enhancement through installation of new looms along with the upgradation of existing machines. The sales revenue of Reliance Weaving surged by 19.8% to PKR 17,273mln in 9MFY21 as compared to PKR 14,414mln in the same period last year. This growth is driven by enhancement of operational efficiencies and strong export demand resulting in volumetric growth in fabric and yarn sales. The Company's 72.8% (9MFY20: 67.2%) of revenues are being generated from exports while local sales were muted due to weak demand because of the COVID-19. Considering the gradual recovery in operations backed by the lifting of phase-wise lockdown coupled with relief packages announced by SBP, the Company achieved a revenue of PKR 6,498mln (3QFY20: PKR 5,160mln) in 3QFY21.

**Margins** Healthy growth in the business correspondent space has led to stable earnings for Reliance Weaving. The Company's gross margin accelerated with a smooth pace and stood at 13.5% (9MFY20: 12.1%) in 9MFY21. Despite a slight increase in distribution expenses in 9MFY21, the Company's operating margin increased to 11.3% (9MFY20: 9.8%). The Company witnessed a favorable decline of 26.8% YoY in its finance cost due to decrease in key policy rates. As a result, net margin of the Company inched up by 6.0% as compared to 0.3% in 9MFY20. During 3QFY21, the Company earned net profit of PKR 484.6mln as compared to a loss of PKR 156.4mln in same period last year, owing to improved topline coupled with low finance cost due to reduced interest rates and availed dollar based financing.

**Sustainability** The Company is set to add 86 air jet looms to its weaving segment capacity during FY22. Moreover, the management intends to enhance its spinning segment capacity through installation of best quality ~25000 spindles. Currently, the plant is operating at its maximum capacity to fulfill the demand of export and local sales. The management of Reliance Weaving is also concentrating more on enhancement of exports of yarn to improve export sales revenue and margins.

## Financial Risk

**Working Capital** During 9MFY21, the utilisation of fund-based limits remained on higher side. As at end-Mar'21, the net cash conversion cycle reduced to 116 days (FY20: 134 days) on account of a reduction in inventory days to 91 (FY20: 112 days). Furthermore, trade assets of the Company increased to PKR 10,642mln (FY20: PKR 7,387mln) on account of higher receivables. Increase in short term borrowing led to a ST trade leverage adequacy of 8.1% (FY20: -4.4%).

**Coverages** In 9MFY21, the Company generated FCFO amounting to PKR 1,987mln (FY20: PKR 1,536). During the same period, interest coverage improved to 3.2x (FY20: 1.4x) owing to significant improvement in debt coverage (9MFY21: 3.5x; FY20: 1.6x) on account of low finance cost (9MFY21: PKR 674mln; 9MFY20: PKR 921mln) and high profit. Moreover, the Company has availed moratorium relief, hence principal repayments are deferred for a year.

**Capitalization** Total borrowing has witnessed an increase of 31.7% to PKR 12,546mln (FY20: PKR 9,529mln) to fulfill the commitment of expansion and increased working capital needs. Overall, almost 25.5% of total borrowing is being availed at the SBP rates. Though the overall leverage of the Company has reduced, it is still high at 68.9% (FY20: 71.1%); mainly comprising short-term borrowings (79.7%).



Reliance Weaving Mills Limited Composite	Mar-21 9M	Jun-20 12M	Jun-19 12M	Jun-18 12M
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**A BALANCE SHEET**

1 Non-Current Assets	8,041	6,560	6,320	5,724
2 Investments	21	21	59	21
3 Related Party Exposure	950	844	983	951
4 Current Assets	11,850	8,396	9,447	6,570
<i>a Inventories</i>	6,858	4,669	5,945	3,222
<i>b Trade Receivables</i>	3,229	2,333	2,281	2,006
<b>5 Total Assets</b>	<b>20,862</b>	<b>15,821</b>	<b>16,809</b>	<b>13,267</b>
6 Current Liabilities	2,317	2,128	2,478	1,619
<i>a Trade Payables</i>	1,308	1,177	1,363	801
7 Borrowings	12,546	9,529	10,181	7,963
8 Related Party Exposure	29	29	19	15
9 Non-Current Liabilities	297	258	240	268
<b>10 Net Assets</b>	<b>5,673</b>	<b>3,877</b>	<b>3,891</b>	<b>3,402</b>
<b>11 Shareholders' Equity</b>	<b>5,673</b>	<b>3,877</b>	<b>3,891</b>	<b>3,402</b>

**B INCOME STATEMENT**

1 Sales	17,273	17,275	16,605	13,914
<i>a Cost of Good Sold</i>	(14,948)	(15,214)	(14,823)	(12,568)
<b>2 Gross Profit</b>	<b>2,325</b>	<b>2,061</b>	<b>1,783</b>	<b>1,346</b>
<i>a Operating Expenses</i>	(377)	(429)	(345)	(310)
<b>3 Operating Profit</b>	<b>1,948</b>	<b>1,632</b>	<b>1,438</b>	<b>1,036</b>
<i>a Non Operating Income or (Expense)</i>	(39)	(317)	185	28
<b>4 Profit or (Loss) before Interest and Tax</b>	<b>1,909</b>	<b>1,314</b>	<b>1,623</b>	<b>1,064</b>
<i>a Total Finance Cost</i>	(674)	(1,167)	(991)	(622)
<i>b Taxation</i>	(204)	(86)	(129)	(131)
<b>6 Net Income Or (Loss)</b>	<b>1,031</b>	<b>61</b>	<b>503</b>	<b>311</b>

**C CASH FLOW STATEMENT**

<i>a Free Cash Flows from Operations (FCFO)</i>	1,987	1,536	1,913	1,354
<i>b Net Cash from Operating Activities before Working Capital Changes</i>	1,308	330	1,073	759
<i>c Changes in Working Capital</i>	(3,270)	823	(2,340)	(1,327)
<b>1 Net Cash provided by Operating Activities</b>	<b>(1,962)</b>	<b>1,153</b>	<b>(1,268)</b>	<b>(568)</b>
<b>2 Net Cash (Used in) or Available From Investing Activities</b>	<b>(1,019)</b>	<b>(442)</b>	<b>(848)</b>	<b>(199)</b>
<b>3 Net Cash (Used in) or Available From Financing Activities</b>	<b>3,017</b>	<b>(781)</b>	<b>2,149</b>	<b>750</b>
<b>4 Net Cash generated or (Used) during the period</b>	<b>36</b>	<b>(70)</b>	<b>34</b>	<b>(18)</b>

**D RATIO ANALYSIS**

<b>1 Performance</b>				
<i>a Sales Growth (for the period)</i>	33.3%	4.0%	19.3%	22.7%
<i>b Gross Profit Margin</i>	13.5%	11.9%	10.7%	9.7%
<i>c Net Profit Margin</i>	6.0%	0.4%	3.0%	2.2%
<i>d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)</i>	-7.4%	13.7%	-2.6%	0.2%
<i>e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh</i>	27.5%	1.5%	14.4%	9.9%
<b>2 Working Capital Management</b>				
<i>a Gross Working Capital (Average Days)</i>	135	161	148	142
<i>b Net Working Capital (Average Days)</i>	116	134	124	124
<i>c Current Ratio (Current Assets / Current Liabilities)</i>	5.1	3.9	3.8	4.1
<b>3 Coverages</b>				
<i>a EBITDA / Finance Cost</i>	3.5	1.6	2.2	2.5
<i>b FCFO / Finance Cost+CMLTB+Excess STB</i>	1.7	1.0	0.9	0.6
<i>c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)</i>	2.2	7.1	3.2	3.8
<b>4 Capital Structure</b>				
<i>a Total Borrowings / (Total Borrowings+Shareholders' Equity)</i>	68.9%	71.1%	72.4%	70.1%
<i>b Interest or Markup Payable (Days)</i>	101.9	80.3	114.0	92.6
<i>c Entity Average Borrowing Rate</i>	7.6%	11.1%	9.9%	7.5%

**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.

Scale	Long-term Rating Definition
AAA	<b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+	
AA	<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.
AA-	
A+	
A	<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.
A-	
BBB+	
BBB	<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.
BBB-	
BB+	<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.
BB	
BB-	
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-	
CCC	
CC	<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.
C	
D	Obligations are currently in default.

Scale	Short-term Rating 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 conditions.
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 surveil 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):

<p><b>Entities</b></p> <ul style="list-style-type: none"> <li>a) Broker Entity Rating</li> <li>b) Corporate Rating</li> <li>c) Financial Institution Rating</li> <li>d) Holding Company Rating</li> <li>e) Independent Power Producer Rating</li> <li>f) Microfinance Institution Rating</li> <li>g) Non-Banking Finance Companies (NBFCs) Rating</li> </ul>	<p><b>Instruments</b></p> <ul style="list-style-type: none"> <li>a) Basel III Compliant Debt Instrument Rating</li> <li>b) Debt Instrument Rating</li> <li>c) Sukuk Rating</li> </ul>
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(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.
- (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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