EMERGING
Credit Rating Ltd

M/S Planet International

Credit Rating Report

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
February 7, 2013	**February 6, 2014**	**Initial**	**BB+** (equivalent Entity)	**ECRL-4**	**Stable**

Date of Incorporation : 2000

Proprietor : Mr. Shahjahan Ali

Fixed Asset : BDT 108.00 Million

Current Asset : BDT 16.65 Million

Bank : Social Islami Bank Limited

Bank Outstanding : Bai-Muazzal **BDT 15.77 Million** (As on November 11, 2012)

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Credit Analysis

Corporate Debt Rating

2013 Initial Review

M/S Planet International

Major Rating Factors

Strengths

- Own supply agency in USA which handle quality & purchase related issues.
- Long term relationship with supplier.

Challenge/ Risks

- No insurance coverage with its warehouse.
- Lack of marketing efforts from supplier end.
- Additional surcharges 25% on import from government of Bangladesh.
- Mixed business activities.

Rationale

Emerging Credit Rating Limited (ECRL) has assigned **ECRL-4** short term credit rating to M/S Planet International (from hereafter it will be called as 'MPI' or 'the firm') for combined investment facility BDT 16.00 million of Social Islami Bank Limited. The outlook on the rating is **stable**. Although the firm does not have any long term bank investment, Emerging Credit Rating Limited (ECRL) has assigned an equivalent long term entity rating of **BB+** (Pronounced as double B plus) after the analysis of the firm's financials and other qualitative information. The ratings are consistent with ECRL's methodology for this type of business. ECRL considered financial performance, scale of business, management experience and prospect of the industry while assigning the rating. The rating is based on unaudited financial statements of FY 2010 to FY 2012 (June Ended), client visit, face to face discussion with client and other relevant qualitative information up to January 30, 2013. The assigned rating reflects the strength of the firm which is supported by profitability, liquidity, cash flow, financial flexibility and long running business operation. ECRL is concern about mix business activities (fisheries, cosmetics and toiletries) of the concern.

M/S Planet International is proprietorship concern engaged in Import & wholesale business since 2000. The Main business function of the concern is to import consumer products such as cosmetics, various toiletries items from USA, China, Hong Kong, Taiwan, Malaysia and selling it to local trader who finally distribute it to major super markets such as Nandan, Al-Mas super shop, Agora, Prio etc. Apart from that concern is also engaged in purchase fisheries from local market and resells it to the local buyer here in Bangladesh. M/S Planet International is supplying 60% of its imported products to own show room named "Bodyline" situated in Banani and Uttara. MPI has 2,500 Sft. two ware-houses (uninsured) in Mirpur-10 one for stocks of fisheries and another is for cosmetics and toiletries. ECRL analysis found mixed sales and stocks statements with fish and with cosmetic & toiletries in which implicit information with MPI management and missing insurance covered for its warehouse and inventories.

Retail and whole sale business of commodity products in Bangladesh are basically perfectly competitive, where no entry or exit barriers exist. On the other hand demand is inelastic for necessities. Sellers do have some control over price as they exercise stock pile up strategy but capital tied up in the process has opportunity cost. Customers trust branded products and they do not even compromise of price in that regard. Women will buy high quality products, even if it means spending an extra buck or two. However, the sector is currently facing several problems said they often face hassles in imports and the import duty is also very high, which stands at 25 percent.

In the last three years MPI witnessed continuous revenue growth and in FY 2012 it stands at BDT 318.74 million compared to the previous year which was BDT 289.40 million in FY 2011. ECRL is concerned about the operating cost management of the concern which is increasing year by year. Cost of goods sold raised same line with revenue growth in FY 2012 general raise in import duly by 25% lead COGS to trigger further rate. Concern current ratio has improved slightly in FY 2012 but quick ratio has deteriorated compared to prior year due to firm have had large amount of borrowing with FY 2012 MPI has to improve its liquidity position in order to survive in market place. Firm Net profit margin compared to prior year due to firm have had good amount of finance cost during FY 2012.

MPI has demonstrated poor levered which has increased over three year business performance. According to the bank documents as on April 04, 2012, the concern has availed only short-term investment facility as mode of Bai-muazal BDT 15.77 million out of limit BDT 16.00 million from SIBL Mirpur Branch. MPI also enjoy credit facility other than SIBL. However other bank credit out of this credit evaluation. Payment pattern of MPI stands good and has no over dues within banking relations.

MPI stable outlook is reflected by its business opportunities and by considering its improvement in overall business. The future direction of the ratings will depend on the ability of MPI to deal with liquidity, inventory turnover, cash flow management and debt obligation. Growth trend of the company will also play a vital role.

Exhibit 1: Financial Highlights: M/S Planet International

FYE: June	**2012**	**2011**	**2010**
Revenue (BDT in Millions)	318.74	289.40	269.46
Revenue Growth (%)	10.14	7.40	0.00
COGS (BDT in Millions)	299.59	272.35	256.80
COGS Growth (%)	10.00	6.06	0.00
Gross Profit (BDT in millions)	19.16	17.05	12.66
Operating Profit (BDT in millions)	14.35	12.59	8.70
Net Profit after Tax (BDT Millions)	11.56	10.70	7.26
Gross Profit Margin (%)	6.01	5.89	4.70
Operating Profit Margin (%)	4.50	4.35	3.23
Net Profit Margin (%)	3.63	3.70	2.69
Current Ratio (x)	1.04	1.03	1.03
Debt to Equity Ratio (x)	0.15	14.00	0.10
Interest Coverage Ratio (x)	5.28	6.92	6.35
ROA (%)	9.27	8.74	6.66
ROE (%)	10.64	9.97	7.34
CFO (BDT in Millions)	13.28	7.54	-

2010 – 2012 data obtained from unaudited financial statement

A. BUSINESS DESCRIPTION

A.1. Firm's Background

M/S Planet International is proprietorship concern engaged in Import & wholesale business since 2000. Main business function of the concern to import consumer products such as cosmetics, various toiletries items from USA, China, Hankong, Taiwan, Malaysia and selling it to trader who finally distribute it to major super markets such as Nandan, Al-Mas super shop, Agora, Prio etc. The profit margin of the concern is 15-20% (as per discussion with management). Apart from that concern is also engaged in purchase fisheries from local market and resells it to the local buyer here in Bangladesh. Concern has two owned business operation in USA which supplying goods for M/S Planet International namely ocean world trade Inc. & Trace world Inc. MPL Most imports prominent brands from are Loreal, Revlon, Maybelline, Jordana, Head and Shoulder, pentene etc. M/S planet International is supplying 60% of its imported products to own show room named "Bodyline" situated in Banani and Uttara. MPI has 2,500 Sft. two ware houses in Mirpur-10 which is uninsured as per discussion with management. In addition to that MPI holds several licenses from Dhaka City Corporation No. 0705601, Tax Identification no. 078-104-9957/sa-24.

B. INDUSTRY ANALYSIS

B.1 Distribution channel in Bangladesh

Currently, the market size for cosmetics and toiletries stands at around BDT 3,000 crore per year, of which imported branded items account for BDT 1,800 crore. Demand for such cosmetic and personal care products is now huge and it is quite common for women to prefer branded items in Bangladesh According to industry insiders, the market for branded items are divided into two segments: colour cosmetics, that includes lipstick, nail polish, eye and cheek shades and personal care products, that includes skin and hair care products, like shampoo, conditioner, lotions, creams. Nearly all renowned colour cosmetics brands, including L'Oreal, Revlon, Estee Lauder, Max Factor, Avon, Maybelline, M-A-C Cosmetics, Garnier, Elizabeth Arden, Lalique, bareMinerals, BeBeautiful, Bior, Biotherm, Bobbi Brown, Chanel, Clinique, CoverGirl, Crabtree and Evelyn, Dior, Essie, Frederic Fekkai, Fusion Beauty, Giorgio Armani, Guerlain, Nivea, Lakme, and Emami are imported into Bangladesh. Most products have been imported from the US, Germany, France; Middle East, China, Thailand and India. The reasonably priced products are most popular in the local market. Munirul Ahsan, general manager of T-Mart Group, the sole agent and distributor of US cosmetics companies including Jordana and Nior, said the imported products are most popular among the middle-income groups of people. The price of a Jordana branded lipstick ranges from BDT 110 to BDT 130, while a bottle of nail polish costs BDT 140 in the local market. In Bangladesh good quality products at prices that are within means, out products are more preferred than the costlier items. Simultaneously, sales of L'Oreal, Revlon, M-A-C Cosmetics, Maybelline, Garnier, Max Factor, Elizabeth Arden have also risen. The demand for globally renowned brands like L'Oreal, Revlon, M-A-C Cosmetics, Maybelline, Garnier has risen in the past five years.

Meanwhile, globally renowned color cosmetics brands such as L'Oreal, Revlon, Estee Lauder and Elizabeth Arden are planning to reduce prices and introduce low cost products in the market, according to a Reuters report. The report said these companies would do so to battle the financial crisis and to capture low income but promising markets like Bangladesh. In 2012 L'Oreal of France, the world's biggest cosmetics group said that it would launch a low-price range of products to help beat the financial crisis this year. However, personal care products, including skin and hair care, are increasingly becoming essentials for people belonging to all classes in society. The sales of their products are increasing day by day personal care products, such as body care, shampoo and perfumes are essential products. For this reason, sales of their products would not decrease even if the prices go up. However, the sector is currently facing several problems said they often face hassles in imports and the import duty is also very high, which stands at 25 percent.

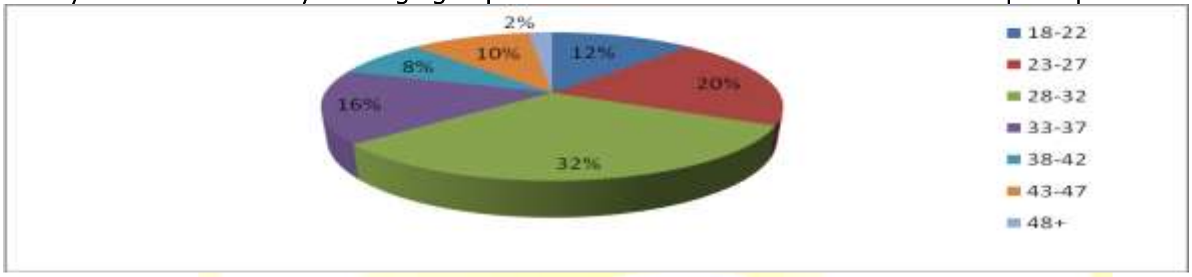
B.2. Supermarket status at a glance

Superstores industry is growing rapidly in Bangladesh with an average annual sales growth of 15% to 20% in last few years and about 30 companies with more than 200 outlets have already made foray into the industry. The net sales value of 102 superstores across the country is BDT. 15 billion (1500 crore) in 2012 and the sector employs about 40% of the total employment which is 10 million (1 crore) people, according to Bangladesh Supermarket Owners Association (BSOA). According to BSOA data, at present the retail market which is worth about BDT. 747.50 billion (74,750 crore) is growing at an annual rate of 14% and will reach BDT. 1307.38 billion (130738 crore) by 2015 and BDT.

3027.25 billion (302725 crore) by 2021. On the other hand, the superstores worth is about BDT. 172.5 billion (1725 crore) and will reach BDT. 756.8 billion by 2015 and BDT. 206.50 billion (20650 crore) by 2021. Subsequently, market players are planning to open several hundred more outlets in the next few years to cope with the rising demand from the consumers. Country's superstore industry helps the government to earn BDT 300 million (30 crore) annually through tax and VAT. Moreover, 105% duty imposed on the specialized capital machineries required by superstore.

B.3. Consumer profile in Bangladesh

All age's people ranking from 18 years to 48 years or over purchase commodities from superstores where maximum number of respondents (32%) from 28-32 years, and then 20% from 23-27 years, 16% from 33-37 years, 12% from 18-22 years, and 10% from 43-47 years, 8% from 38-42 years and merely 2% from over 47 years. Age groups are almost undifferentiated in all the sample superstores.



**Customers Demographic Profile (Age-wise sample participant)*

Regulation policy of the government regarding distribution is relatively light. Nevertheless, regulations faced by the pharmaceutical and FMCG products have direct effect on these companies. FMCG distribution is mainly overlooked by the producers. According to Intercontinental Marketing Services, Bangladesh's FMCG industry has experienced steady growth with direct presence of multinationals like Unilever, Marico, and Reckitt Benckiser and indirect presence of most of other successful multinational companies.

C. BUSINESS RISK ANALYSIS

C.1. Operating Risk

Operating risk of MPI starts with demand forecast of the product. Failure of accurate forecasting may lead to loss of market share or excessive capital tied up in the business process. With MPI's prolonged experience in the business line, MPI has managed its inventory level to a certain extent. The second risk associated with the operation is the balancing between demand and supply. So MPI has to make sure the adequate supply of consumer products. Giving trade promotion and incentive may increase market share but limit profitability. Third identifiable risk is the transportation risk which includes product damage, traffic and community disruption, diminished company value and image due to late delivery. Fourth major operating risk associated with the brand image and proper marketing strategy especially for consumer products. Therefore, MPI should be cautious about the brand value and branding of the consumer product its can start advertising & marketing for its products If the brand starts diluting that may severely hamper the profitability of MPI.

C.2. Supply Chain Risk

Supply chain risk comprise of risk associated with the procurement of inventories, inventory cost structure and risk associated with delivery system. Delaying the shipments might result loss of market share and consumer may not return on the brand soon. Therefore in order to retain existing customer, MPI must ensure the adequate supply of the products. However, MPI may control unsystematic or company specific risk, but MPI can't control external risk includes delaying in supply process, adverse movements of USD against BDT, inspection delay in the custom office, and delaying due to natural calamity; these factors may results supply side deficit in the markets.

C.3. Strategic Risk

Strategic risk associated with the identification and clear understanding of consumer dynamics and demographic shift. There are close substitute exists for the consumer products like Nivea, Ponds, Bodyshop, Garnier, Himalaya etc. where consumer switching cost is minimal. So it's very important to understand the demographic characteristic of consumer and the market segmentation policy. Retail and consumer pricing policy, hence pricing pressure is considered to be another major challenge, which MPI exposed. However eliminating steps from distribution channel certainly bring some drawbacks as some employees might lose their jobs. On the other hands big retailer and super shop including Nandan, Agora, Shopno etc have some control over price this retailer might ask for special trade discounts for MPI's product which may limits economic profit of MPI.

D. FINANCIAL RISK ANALYSIS

The rating process was based on qualitative aspects which are trading house's business policies in relation to the operating strategies, financial leverage, and ultimate financial goals of the firms. For this purpose of the overall financial risk assessment of the firm, ECRL divided the financial portion into five different criteria which are Profitability Analysis, Liquidity Analysis, Cash flow Analysis, Asset Management, Capital Structure, and overall Financial Flexibility. Detailed analysis is presented below:

D.1. Profitability

Exhibit 2: Selected Indicators: M/S Planet International

FYE: June	2012	2011	2010
Revenue (BDT in millions)	318.74	289.40	269.46
Revenue Growth (%)	10.14	7.40	0.00
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Gross Profit (BDT in millions)	19.16	17.05	12.66
Operating Profit (BDT in millions)	14.35	12.59	8.70
Profit before Tax (BDT in millions)	11.63	10.77	7.33
Net Profit after Tax (BDT millions)	11.56	10.70	7.26
Gross Profit Margin (%)	6.01	5.89	4.70
Operating Profit Margin (%)	4.50	4.35	3.23
Net Profit Margin (%)	3.63	3.70	2.69
ROA (%)	9.27	8.74	6.66
ROE (%)	10.64	9.97	7.34

2010-2012 data obtained from unaudited financial statement

MPI revenue stands at BDT 318.74 million in FY 2012, where as in FY 2011 and FY 2010 revenue was BDT 289.40 million and BDT 269.46 million respectively. General rise in price level and extension of its product line helped the revenue to increase whereas increase in import duty and price of the products led COGS to grow further rate with that of revenue. Entities steady growth in gross profit margin compared to the previous financial year. Operational profit margin of the firm in discussion has significantly increased in FY 2012 BDT 4.80 million compared to BDT 4.45 million in FY 2011 increase in marketing and distributional expanses such as advertisement cost, delivery cost outside Dhaka and promotional cost through price reduction. Similar trend also observed in other profitability indicator of the firm.

D.2. Liquidity Analysis & Cash-flow Coverage

Exhibit 3: Selected Indicators: M/S Planet International

FYE: June	2012	2011	2010
Cash Ratio (x)	0.07	0.06	0.08
Current Ratio (x)	1.04	1.03	1.03
Quick Assets Ratio (x)	0.01	0.10	0.14
Inventory Turnover (days)	18	15	13
CFO (BDT in millions)	13.28	7.54	-
CFO Interest Coverage (x)	4.88	4.14	-
CFO Debt Coverage (x)	0.66	0.38	-
CFO Short-Term Debt Coverage (x)	0.66	0.38	-

2010-2012 data obtained from unaudited financial statement

Concerns Current ratio increased to 1.04 times and 7.00 times in FY 2012 compared to 1.03 times in FY 2011. The ratios have decreased as the concern has availed more short-term borrowing than that of the previous financial year which has eventually increased current liability of the firm, reflecting liquidity pressure of the firm. ECRL upon investigating found missing payables and receivables days. Whereas the firm imports its products using letter of credit at sight basis Inventory turnover days has been increasing over the years as they have to stored bulk amount of goods due to the exchange rate fluctuation.

MPI has generated cash inflow BDT 13.28 million in FY 2012 and cash flow interest coverage and CFO debt coverage has improved significantly from 4.14, 0.38 times in FY 2011 to 4.88, 0.66 times in FY 2012. However it's due to positive reflection from its cash inflow which has increased from BDT 7.54 million to BDT 13.28 million respectively leaving enough cushions for its creditor.

D.4. Leverage & Capital Structure

Exhibit 5: Selected Indicators: M/S Planet International

FYE: June	2012	2011	2010
Debt-to-Equity (x)	0.15	0.14	0.10
Interest Coverage ratio	5.28	6.92	6.35
Total Liabilities to Total Assets (x)	0.13	0.12	0.09
Short Term Debt Ratio	0.15	0.14	0.10
Net Asset Value (BDT in millions)	109	107	99

2010-2012 data obtained from unaudited financial statement

MPI has demonstrated better levered with debt to equity of 0.15 times in FY 2012 which increased from 0.14 times of FY 2011. According to the bank documents as on April 04, 2012, the firm has availed only short-term investment facility from its respective banks. In respect to its debt pay out capability the firm would be able to pay out its outstanding debt with its operating profit (before interest and tax) by 9.41 times in FY 2012. The total liabilities to total assets ratio indicates how much of the total assets are financed by debt. In 2012, 49% of the total assets were seen to be financed by debt (short term liabilities) and the rest were financed by equity. ECRL analysis found MPI has loan other then SIBL with southeast bank Limited. ECRL analysis considered SIBL loan outstanding. However considering actual debt with SIBL and with other bank MPI's actual scenario would have different.

D.5. Bank Facilities & Credit History

Exhibit 6: Bank Loan: Social Islami Bank Limited (BDT in millions)

Bank	Mode	Existing outstanding (As on November 11, 2012)	Total Limit
Social Islami Bank Limited	Bai-Muazzal	15.77	16.00
Total		**15.77**	**16.00**

MPI has been maintaining banking relationships with Social Islami Bank Limited, Mirpur Branch, since 2004. The bank borrowings consisted of only short term investment. The total working capital outstanding was BDT 15.77 million as on November 11, 2012 against a limit of BDT 16.00 million. Payment pattern of the firm were regular and no overdue within last three years. The firm also avail other bank investment facility however which is out of this rating evaluation.

D.6. Collateral and Securities

MPI has kept registered collateral with SIBL corporate branch which all land valued covering full amount assessed by SIBL BDT 16.00 million and with third party valuation from Geodectic survey Corporation amount BDT 22.11 million. The collateral of the company consisted of registered mortgages in addition to that hypothecation of stocks and other securities as below

Exhibit 7: Registered List of collateral for the Short Term loan

SL	Particulars	Collateral Security	
		Area in decimal	**FSV (BDT in Millions)**
1.	Registered mortgage on decimal 3.93 katha land at mouza : Nonderbagh, Khatian no. CS:89,SA: 11, Mirpur Dist: Dhaka owned by Md. Nazrul islam & Md. Summon pervez brother of proprietor	6.48	22.11
2.	Registered mortgage on decimal 2.82 katha land at mouza : Khozerberg, Khatian no. CS: 08, SA: 02, RS: 62, 198, PS SR office: Mirpur Dist: Dhaka owned by Abu Taher brother of the	4.65	

	proprietor.		
3.	Registered mortgage on decimal 3.00 katha land plot # 685, Block # K Boshundhara Residential area, Mouza: kataldia, PS: Badda Dist: Dhaka owned by Proprietor Mr. Md. Shahjahan Ali	4.95	
	Total (BDT in millions)	**16.08**	**22.11**

Primary & Other Security:

- Hypothecation of stock of stocks in trade.
- Personal guarantee to be obtained Md. Nazrul Islam, Md Summon Pervez, Md Abu Taher.
- Post dated cheques covering entire facilities for each limit separately.

E. MANAGEMENT AND OTHER QUALITATIVE FACTORS

The management of the company is headed by the Proprietor, Mr. Abdur Rashid who has more than 10 years of experience in consumer related. The total workforce of the company is made up of 12 employee's one manager, three in sales department two people in accounts section. As per discussion concern has no insurance for its warehouse against fire, burglary and R&D,

F. LIST OF ABBREVIATIONS

BDT	Bangladeshi Taka	FSV	Forced Sale Value
ECRL	Emerging credit Rating company limited	VAT	Value Added Tax
MV	Market Value	MPI	M/S Planet International
SQFT	Square Feet		

G. BUSINESS INFORMATION

Proprietor : Md. Shahjahan Ali
Address : 30, Bijoy Nagar (Moury restaurant building), Dhaka -1000
Tel : 01711567580
Bank : Social Islami Bank Limited Mirpur-Branch
Contact : Mr. Aowlad Tel: 01712011022
Email : aowlad@sibl-bd.com

M/S PLANET INTERNATIONAL
BALANCE SHEET

(Amount in BDT)

Financial Year Ending : June	**2012**	**2011**	**2010**
NON-CURRENT ASSETS			
Fixed And Operating Assets	108,000,000	106,960,000	98,562,000
	108,000,000	106,960,000	98,562,000
CURRENT ASSETS			
Inventories	15,000,000	14,000,000	9,000,000
Cash And Bank Balances	1,050,000	850,000	789,000
Net Loans, Advances And Financing	600,000	600,000	600,000
	16,650,000	15,450,000	10,389,000
CURRENT LIABILITIES			
Borrowings	16,000,000	15,000,000	10,000,000
Other Payables	75,000	68,000	55,000
	16,075,000	15,068,000	10,055,000
NET CURRENT ASSETS/(LIABILITIES)	575,000	382,000	334,000
	108,575,000	**107,342,000**	**98,896,000**
FINANCED BY :			
SHAREHOLDERS' EQUITY			
Share Capital	67,785,900	67,785,900	67,785,900
Retained Profits/(Losses)	40,789,100	39,556,100	31,110,100
	108,575,000	107,342,000	98,896,000
	108,575,000	**107,342,000**	**98,896,000**

M/S PLANET INTERNATIONAL
PROFIT AND LOSS ACCOUNT

(Amount in BDT)

Financial Year Ending : June	**2012**	**2011**	**2010**
Revenue	318,740,000	289,400,000	269,458,000
Less : Cost Of Sales/Services	(299,585,000)	(272,350,000)	(256,800,000)
Gross Profit	19,155,000	17,050,000	12,658,000
Less : Operating Cost	(4,803,000)	(4,455,500)	(3,954,200)
Profit/(Loss) From Operations	14,352,000	12,594,500	8,703,800
Net Finance Costs	(2,720,000)	(1,820,000)	(1,370,000)
Profit/(Loss) Before Tax	11,632,000	10,774,500	7,333,800
Tax Expense	(75,000)	(70,000)	(65,000)
Profit/(Loss) After Tax	11,557,000	10,704,500	7,268,800
Restated Retained Profit/(Loss) Brought Forward	40,789,100	39,556,100	31,110,100

2010-2012 data obtained from unaudited financial statement

CORPORATE DEBT RATING SYMBOL

LONG-TERM RATINGS	
ECRL's Long-Term Ratings are assigned to debt with maturities of more than one year. These debt ratings specifically assess the likelihood of timely repayment of principal and payment of interest over the term to maturity of such debts.	
RATI NG	DEFINITION
AAA	Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.
AA	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
A	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB	This grade indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BB	This rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations.
B	Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest on a timely basis.
C	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
D	Payment in default.

Notes: *Long-Term Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories. Bank-guaranteed issues will carry a suffix (bg), corporate-guaranteed issues, a (cg), issues guaranteed by a financial guarantee insurer (FGI), an (fg), and all other supports, an (s) when such guarantees or supports give favorable effect to the assigned rating.*

SHORT-TERM RATINGS	
ECRL's Short-Term Ratings are assigned to specific debt instrument with original maturities of one year or less, and are intended to assess the likelihood of timely repayment of principal and payment of interest.	
RATING	DEFINITION
ECRL - 1	The highest category; indicates a very high likelihood that principal and interest will be paid on a timely basis.
ECRL - 2	While the degree of safety regarding timely repayment of principal and payment of interest is strong, the relative degree of safety is not as high as issues rated ECRL-1.
ECRL - 3	This grade indicates while the obligation is more susceptible to adverse developments, both internal and external, the capacity to service principal and interest on a timely basis is considered adequate.
ECRL - 4	This rating suggest likelihood of default is considerably less than for lower rated issues but faces significant uncertainties that could impact its financial commitment on the obligation.
ECRL - 5	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
ECRL - 6	Payment in default.

Notes: *Short-Term Ratings will also carry a suffix (bg) for bank-guaranteed issues, (cg) for corporate-guaranteed issues, (fg) for FGI-guaranteed issues, and (s) for all other supports when such guarantees or supports give favorable effect to the assigned rating.*

Rating Outlook	
ECRL's Rating Outlook assesses the potential direction of the Corporate Debt Rating over the intermediate term (typically over a one to two-year period). The Rating Outlook may either be :	
POSITIVE	Which indicates that a rating may be raised;
NEGATIVE	Which indicates that a rating may be lowered;
STABLE	Which indicates that a rating is likely to remain unchanged; or
DEVELOPING	Which indicates that a rating may be raised, lowered or remain unchanged.