



# DataPro



## **CORPORATE RATING REPORT**

## **FIDSON HEALTHCARE PLC**

Ground Floor, Foresight House  
163-165 Broad Street,  
By Marina Water Front  
Lagos, Nigeria.

☎ 234- 802 220 5312, 805 530 3677

Email: [info@datapronigeria.net](mailto:info@datapronigeria.net)  
[dataprong@gmail.com](mailto:dataprong@gmail.com)

Website: [www.datapronigeria.com](http://www.datapronigeria.com)

June, 2022

# FIDSON HEALTHCARE PLC

## Long-Term Rating:

# A

Short Term Rating: A1

Previous Rating: A<sup>-</sup>

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date issued: 6 Jun., 2022

Valid Till: 5 Jun., 2023

## Reference:

Abiodun Adeseyoju, FCA.  
Abimbola Adeseyoju  
Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

## EXECUTIVE SUMMARY

	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Turnover	30,860,817	18,275,856	14,062,015	16,229,903
Pre-Tax-Profit	4,717,644	1,772,802	575,666	160,867
Shareholders Fund	13,751,835	10,539,435	9,620,308	7,153,781
Prop. Plant & Equip	15,625,029	14,228,780	13,216,617	12,907,842
Total Asset	33,105,410	27,242,484	20,364,351	20,483,325

### Rating Explanation

The Short-Term Rating of **A1** indicates *Good Credit Quality* and satisfactory capacity for timely payment of financial commitments.

The Long-Term Rating of **A** indicates *Low Risk*. It shows Very Good Financial Strength, Operating Performance and Business Profile when compared to the standard established by *DataPro*. This Company, in our opinion, has the ability to meet its ongoing obligations.

## RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

### Strengths:

- Experienced Management Team
- Strong Earnings Growth
- Good Liquidity Position
- Good Brand Presence

### Weaknesses:

- High Debt Profile
- Low-Capacity Utilization

*This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.*

## BACKGROUND

*Fidson Healthcare Plc, ("The Company")* formerly known as *Fidson Drugs Limited* was incorporated as a Limited Liability Company on March 13, 1995 and commenced business on the same date. It transitioned to a Public Liability Company in June 5, 2008. The Company's shares are currently quoted on the floor of *Nigerian Exchange Limited (NGX)*.

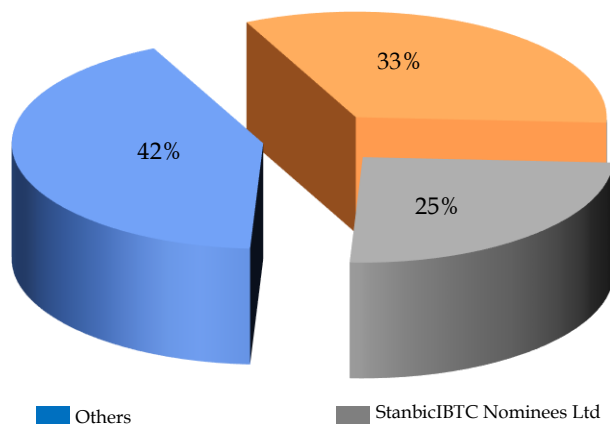
The principal activities of the Company include manufacture, distribution and sale of Pharmaceuticals. Others include Sale of Laboratory/Medical Equipment, Medical Devices and Hospital Consumables.

Its manufacturing facilities are built to produce a wide range of products such as: Tablets, Capsule, Cream/Ointment, Liquid, Dry Powder, Infusion-LVP as well as Ear and Eye Drops.

Currently the Company owns over 250 registered pharmaceutical brands, across different therapeutic classes and Pharmacological segments, in the Nigerian market. These products cover areas such as *Infectious Diseases, Cardiovascular Diseases, Antimalaria, Antiretrovirals, Psychiatry, Nutrition, Nutraceuticals and Antitussives*.

The facilities of the Company include four (4) Corporate offices, four (4) Warehouses/Depots, One (1) ultramodern factory. Over 1300 employees including 206 Professionals are currently engaged by the Company.

### ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Fidson Healthcare Plc

As at year ended 2021, the Company had a total of 2,086,360,250 units of shares held by 6,532 Shareholders. *Dr Fidelis Ayebae and Stanbic IBTC Nominee Ltd* were the two largest Shareholders. The remaining shares were distributed among other minority shareholders.

## DIRECTORS PROFILE

The following served as Directors during the year under review; *Mr. Olusegun Adebajani, FCA - Chairman; Dr Fidelis Ayebae - Managing Director/CEO; Mrs. Olufunmilola O. Ayebae; Chief (Mrs.) Aishatu P. Sadauki, OON; Mr. Emmanuel E. Imoagene; Mr. Olugbenga O. Olaleye; Mr. Abiola A. Adebayo; Dr. Vincent Ahonkhai; Mr. Ekwunife Okoli and Mr. Ola Ijimakin*

The Directors' profiles are as follows.

- 1. Name:** Mr. Olusegun Adebajji, FCA  
**Position:** Independent Non-Executive Director-Chairman  
**Years of Experience:** Over 40 years  
**Education:**
  - OND - Yaba College of Technology
  - Chartered Association of Certified Accountants
  - Institute of Chartered Accountants of Nigeria**Job Experience:**
  - UAC Group
  - Unilever Plc, London
  - Unilever Plc, South Africa
  - Nigerian Breweries Plc
  - Heineken International, Netherlands
  - African Capital Alliance, Plc**Board Membership (Years):** 4 years
  
- 2. Name:** Dr Fidelis Ayebae  
**Position:** Managing Director/CEO  
**Years of Experience:** Over 40 years  
**Education:**
  - Diploma -Mainland Institute of Technology
  - Business Administration, University of Lagos
  - Associate, Chartered Institute of Administration
  - Member, Nigeria Institute of Management**Job Experience:**
  - Fidson Healthcare Plc,
  - Citibank Nigeria
  - Metalum Nigeria**Board Membership (Years):** 25 years
  
- 3. Name:** Mrs. Olufunmilola Ayebae  
**Position:** Non-Executive Director  
**Years of Experience:** 30 years  
**Education:**
  - London College of Secretaries, UK**Job Experience:**
  - MD/CEO, Goodness Supermarket
  - CEO, Townhouse Limited
  
- 4. Name:** Chief (Mrs.) Aishatu Sadauki, OON  
**Position:** Independent Non-Executive Director  
**Years of Experience:** Over 40 years  
**Education:**
  - B. Sc-Iowa State University, Iowa USA**Job Experience:**
  - State Agricultural Officer
  - Kaduna State Commissioner, Social Development, Youth and Sport
  - Commissioner for Education
  - Deputy Governor, Kaduna State
  
- 5. Name:** Mr. Emmanuel Imoagene  
**Position:** Non-Executive Director  
**Years of Experience:** 40 years  
**Education:**
  - B. Sc-University of Benin

**Job Experience:** M. Sc. - University of Ibadan

- Multivaluedge Consulting Limited
- Nigeria Breweries Plc
- Shell Petroleum Development Company, Nigeria
- Unilever Ghana Ltd
- Cardbury Nigeria Plc
- Dangote Nigeria Plc
- Fellow, Chartered Institute of Personnel Management

6. **Name:** Mr. Olugbenga Olaleye  
**Position:** Executive Director  
**Years of Experience:** Over 25 years  
**Education:**

- B. Sc - University of Ibadan
- Stanford Graduate School of Business

**Job Experience:**

- Fidson Healthcare Plc
- Mopson Pharmaceuticals

7. **Name:** Mr. Abiola Adebayo  
**Position:** Executive Director  
**Years of Experience:**Over 25 years  
**Education:**

- B. Sc (Pharmacy)- University of Lagos
- Advanced Computer Techniques and Application, University of Ibadan

**Job Experience:**

- Federal Ministry of Health
- Glaxo Nigeria Plc
- CAP Plc
- Fidson Healthcare Plc

8. **Name:** Dr. Vincent Ahonkhai  
**Profession:** Medical Practitioner  
**Position:** Independent Non-Executive Director  
**Years of Experience:** Over 40 years  
**Education:**

- College of Medicine, University of Lagos

**Job Experience:**

- Lagos University Teaching Hospital
- SUNNY Downstate Medical Center, Brooklyn.
- Kings Country Hospital Center, Brooklyn, USA
- Merck and Do fame Research Laboratories
- Robert Wood Johnson Pharmaceutical Research Institute
- SmithKline Beecham Pharmaceutical
- Global Clinical Safety and Pharmacovigilance, GlaxoSmithKline Beacham
- Bill Melinda Gates Foundation
- Gwynedd Consultancy, LLC in the Philadelphia area, USA

- 9. Name:** Mr. Ekwunife Okoli  
**Position:** Independent Non-Executive Director  
**Years of Experience:** Over 30 years  
**Education:**
  - B. Sc (Marketing)- University of Nigeria, Nsukka
  - MBA - University of Benin**Job Experience:**
  - Guinness Ghana Limited
  - Guinness Cameroun
  - Cornerstone Insurance Plc
  - FMCG Industry
  - Diageo Plc
  - Guinness Nigeria Plc
  - Seychelles Breweries Ltd
- 10. Name:** Mr. Ola Ijimakin  
**Position:** Executive Director  
**Years of Experience:** Over 20 years  
**Education:**
  - B. Sc (Pharmacy)- University of Jos**Job Experience:**
  - Ecomed Pharma Limited
  - Synergy Healthcare Group
  - GlaxoSmithKline (West-Africa)
  - Fidson Healthcare PLC

## INDUSTRY REVIEW

The Non-Oil Sector grew by 4.73% in real terms during the reference quarter (Q4 2021). This rate was higher by 3.05% compared to the rate recorded same quarter of 2020 and 0.71% point lower than the third quarter of 2021.

The main driver of the growth in the fourth quarter 2021 were mainly Agriculture (crop production), Trade, Information and Communication (Telecommunication) and Financial and Insurance (Financial Institutions), accounting for positive GDP growth.

Local manufacturing contributes less than 5% to the Nigerian economy. Over the years this has continued to decline steadily because of the enormous challenges manufacturers face. In the second quarter of 2020, the contribution of manufacturing to GDP was 11.79%, as at the corresponding period of 2021, it rose to 14.18% but lower than the first quarter at 15.27%. Capacity utilization has also dropped consistently.

Among many other challenges, manufacturers in Nigeria are faced with lack of basic infrastructure, poor electricity supply, insecurity, inconsistent government policy and inability to access funds for business expansion. Though there have been several incentives to boost manufacturing in terms of bailout of specific industries like textile, the manufacturing industry still remains significantly challenged. This allowed Nigeria economy to rely largely on imported manufactured goods.

Due to the insufficiency of local production versus demand, there is intense import competition against local products. The imposition of higher tariffs on imported

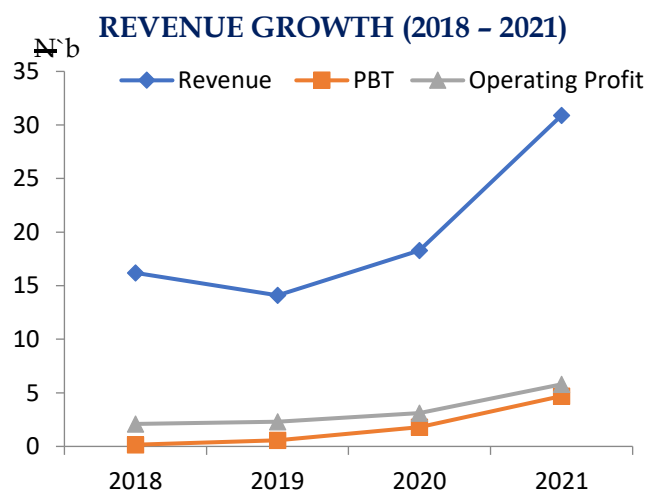
finished goods and funding incentive to local players are some of the government efforts in support of the sector.

The Russia-Ukraine war which started in Q1 of 2022 has added to energy crisis globally by way of increased oil prices. Manufacturers in Nigeria are facing huge energy crisis with poor public supply and high cost of diesel threatening continuous production. Survival in the sector depends on ability to pass increase in cost of inputs to the consumer without jeopardizing customer loyalty.

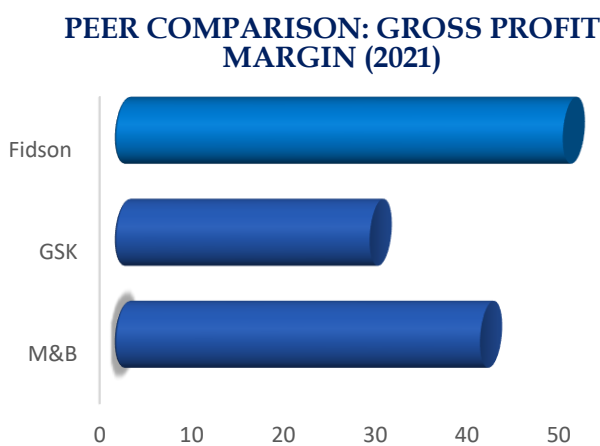
The *Central Bank of Nigeria (CBN)* launched Healthcare intervention fund to provide ₦100bn credit to functional health enterprises at a low interest rate. This is in addition to the commercialization of research outputs from government institution to encourage R&D in healthcare. The on-going efforts of government through *NAFDAC* is expected to reduce counterfeit medicines which is prevalent in Nigeria and One of *NAFDAC* initiatives is the 5+5 Policy which favours the Local Manufacturers and protect the Local Industry.

## FINANCIAL PERFORMANCE

### • EARNINGS PROFILE



Source: Fidson Healthcare Plc



Source: DataPro Limited

The Revenue growth trend of the Company gained traction during the year under review. The growth was due to 50% increase in volume across products categories as well as improved capacity of the factory to 24 hours of production.

Earnings were derived from Sale of three Product Categories: Ethical Products, Over the Counter (OTC) and Consumer Healthcare Products. Total Earnings grew by 69% from ₦18.3b (Yr.20) to ₦30.9b (Yr.21). The Company derived 65% of its Revenue from Sale of Ethical Products.

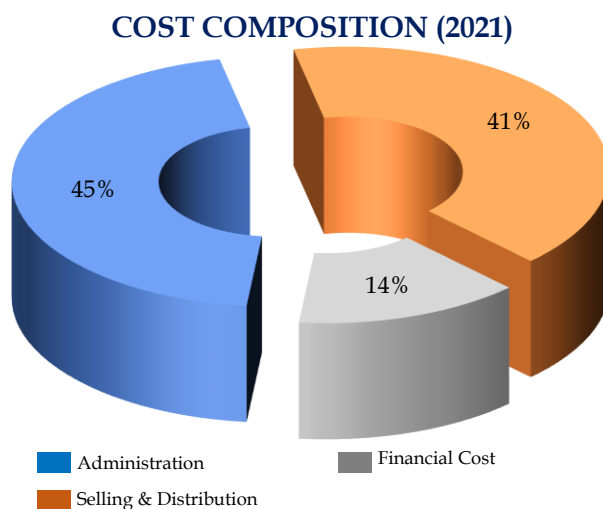
Cost of Sales also recorded significant growth pattern as Revenue. However, it could not match Revenue in absolute term. It went up by 60% from ₦10b (Yr. 20) to ₦16b (Yr.21). Consequently, the Gross Profit Margin of the

Company rose from 47% (Yr. 20) to 49% (Yr. 21). The Company also performed above its peers in the industry.

• **PROFITABILITY**

Item	2021 ₦'000	2020 ₦'000
Gross Profit	15,103,035	8,581,340
Operating Expenses	(9,837,362)	(5,833,596)
Other Income	596,552	349,745
Net Finance Income	(1,144,581)	(1,324,687)
Profit Before Tax	4,717,644	1,772,802

The Operating Expenses rose by 69% from ₦5.9b (Yr. 20) to ₦9.8b (Yr.21). This comprised of Selling & Distribution, Administrative and Finance Costs. Administrative Expenses rose significantly by 72% and accounted for 45% of the Total Expenses.



Finance Cost remained significant during the year under review. However, Net Finance Cost declined from ₦1.3b (Yr.20) to ₦1.2b (Yr. 21). In view of strong revenue growth, Pre-Tax Profit went up from ₦1.8b (Yr. 20) to ₦4.7b (Yr. 21). Consequently, all profitability indices increased during the year under review.

Source: Fidson Healthcare Plc

• **CAPITALIZATION**



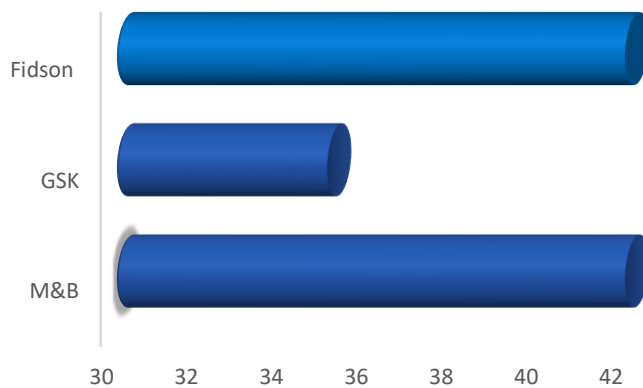
Source: Fidson Healthcare Plc

Company's Shareholders' Funds grew by 31% from ₦10.5b (Yr. 20) to ₦13.8b (Yr.21). Profit Retention of ₦3.2b enabled the increase during the year. Aside Retained Profit, all other components of Equity remained same for the years 2020 and 2021.

Total Liabilities in the year 2021 was ₦19.4b compared with ₦16.7b recorded in 2020. A larger proportion of the Total Liabilities are in Short term obligations. The portion of Total Liabilities

represented by short term obligations in the year 2021 was 57%. Interest Bearing Loans

**PEER COMPARISON: EQUITY TO TOTAL ASSETS (2021)**



Source: DataPro Limited

declined in the review period from ₦10.7b (Yr.20) to ₦8.4b (Yr.21). However, the Company is being funded majorly by Liabilities as against Equity.

The growth in Equity outpaced that of the Total Assets during the year under review. Consequently, funding of operation by Equity rose in the year from 39% (Yr. 20) to 42% (Yr. 2021). This funding mix also ranked ahead of its peers in the industry.

**ASSET UTILITY**

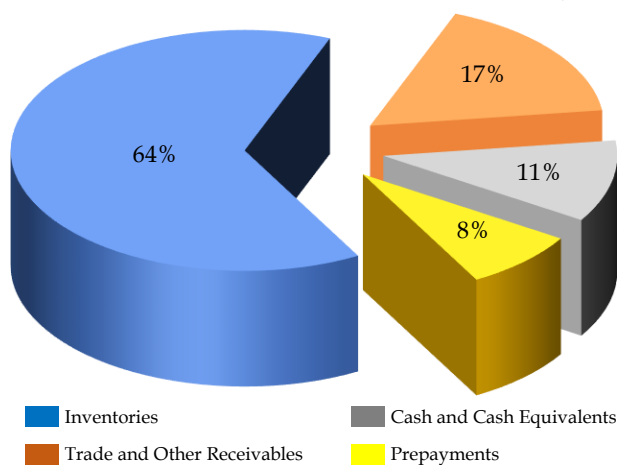
**BREAKDOWN OF THE TOTAL ASSET (2021)**

ITEM	2021 ₦'000	%
Current Assets	17,480,381	53
Non-Current Assets	15,625,029	47
<b>Total Assets</b>	<b>33,105,410</b>	<b>100</b>

Total Assets deployed to operation amounted to ₦33.5b (Yr.21). This is an appreciation of 22% compared with the value of ₦27b (Yr.20). The components of the Total Assets are Current and Non-Currents. Both contributed to the

overall growth in Total Assets in the year 2021.

**COMPOSITION OF CURRENT ASSETS (2021)**

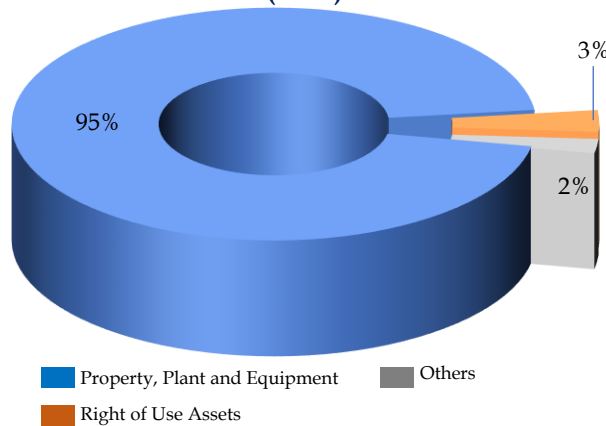


Source: Fidson Healthcare Plc

The Current element was the major part of the Company's Total Assets. It accounted for 53% Total Assets. The components of Current Assets were Inventories, Prepayments, Cash and Receivables. The value of Current Assets in the year 2021 was ₦17.5b (Yr. 21). Inventories contributed 64% of this value as at the year ended 2021.

The Non-Current Assets constituted 47% of the Total Assets. It increased from ₦14.2b (Yr. 20) to ₦16b (Yr.21). This is due to an addition in PPE during the year.

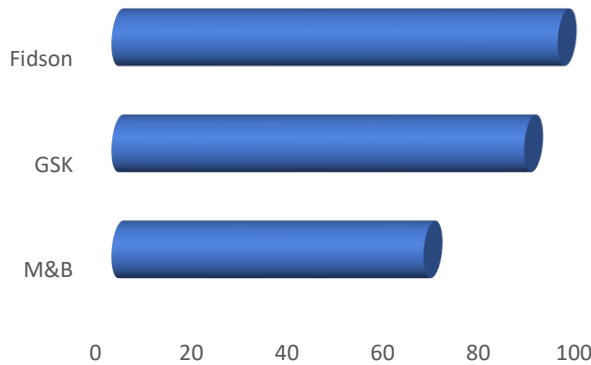
**COMPOSITION OF NON-CURRENT ASSETS (2021)**



Source: Fidson Healthcare Plc

The ability of the Company to effectively use Assets to generate Revenue improved significantly during the year from 67% (Yr. 20) to 93% (Yr. 21). Additionally, the Company also utilized Assets for profit generation at the rate of 14% in the year 2021 as against 7% in year 2020. However, the Company's attainment in this regard performed above its peers during the year 2021.

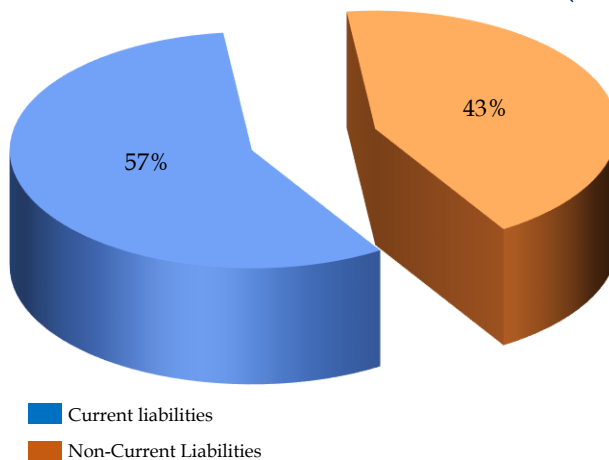
**PEER COMPARISON: REVENUE TO TOTAL ASSETS (2021)**



Source: DataPro Limited

**• LIQUIDITY**

**COMPOSITION OF TOTAL LIABILITIES (2021)**

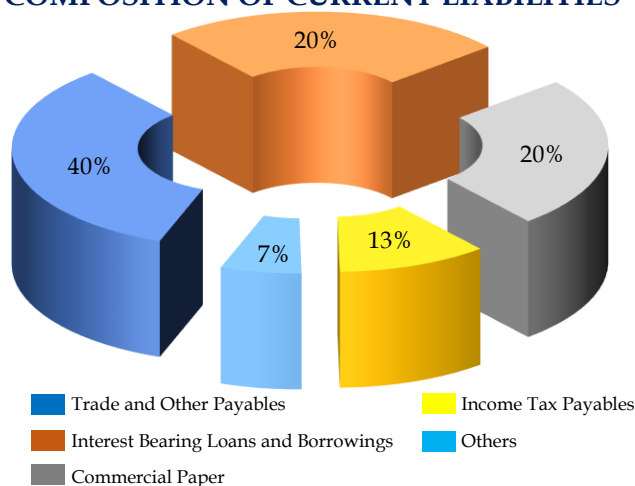


Source: Fidson Healthcare Plc

Total Liabilities comprised of Current and Non-Current Liabilities. As at year ended 2021, Total Debt increased by 16% from ₦16.7b (Yr. 20) to ₦19.4 (Yr. 21). The growth was due to increase in Trade and Other Payables as well as Commercial Paper raised by the Company.

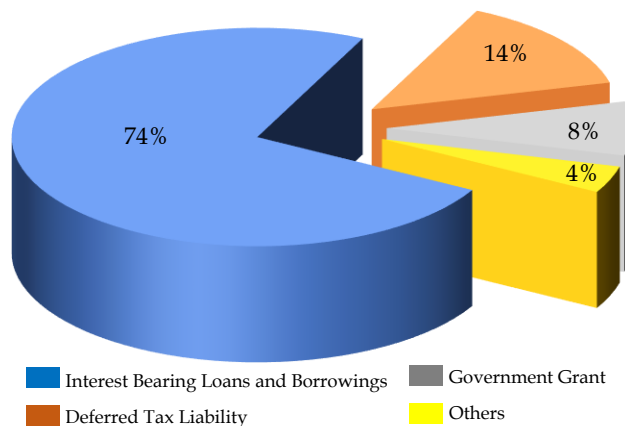
Interest Bearing Loans and Borrowings constituted 44% of Total Liabilities in the year 2021.

### COMPOSITION OF CURRENT LIABILITIES



Source: Fidson Healthcare Plc

### COMPOSITION OF NON-CURRENT LIABILITIES



Source: Fidson Healthcare Plc

However, it declined from ₦10.7b (Yr. 20) to ₦8.4b (Yr. 21). Short-term portion of Borrowings amounted to ₦2.2b.

Current Liabilities grew over the review periods. It went up from ₦9.5b (Yr. 20) to ₦10.9b (Yr.21). This made up 57% of the Total Liabilities in the year 2021. The largest component of short-term Liabilities was Trade Payables

Non-Current obligations constituted 43% of the Total Liabilities. It rose from ₦7.2b (Yr. 20) to ₦8.4b (Yr. 2021). This was due to the growth in its Interest-Bearing components which grew by 50% from ₦4.0b (Yr.21) to ₦6.2b (Yr.21).

The Company ability to settle its short-term maturing obligation improved from 136% (Yr.20) to 159% (Yr. 21). This was in addition to the positive cash balance of ₦7.2b generated from operation as at the year-ended 2021.

## REGULATORY ENVIRONMENT

The operation of the Company is subject to the *National Agency for Food and Drug Administration and Control (NAFDAC), the Securities and Exchange Commission (SEC) and the Nigerian Exchange (NGX)* regulations.

## CORPORATE GOVERNANCE & RISK MANAGEMENT

The affairs of the Company are directed by its Board of Directors. The Board comprised of four (4) Executives and six (6) Non-Executives, four (4) of which are Independent Director.

The oversight function of the Board is carried out by its various Committees.

The Company recognizes that it has Market Risk, Credit Risk and Liquidity Risk. In line with details contained in its Annual Report and information provided, the Company has in place measures to deal with its various risks.

## RISK FACTORS

In the course of our review, we observed the following significant risks.

- **LIQUIDITY RISK**

This is the risk that the company will be unable to pay its obligations as they fall due.

Based on our review, the Company maintained a healthy Current Ratio of 159% as at year ended 2021.

- **INTEREST RISK**

This is the risk of loss to income arising from adverse changes in interest rates.

Based on our review, the company incurred Current and Non-current Interest-Bearing Borrowings of ₦8.4b. Therefore, adverse movement in interest rate could impair profitability.

However, we observed that ₦6.2bn of the ₦8.4bn interest bearing loans are concessionary loans with fixed interest rates. Therefore, the Interest Rate Risk is expected to be minimal.

- **CREDIT RISK**

This is the risk arising from the inability of counterparties to honor their obligations as and when due.

Based on our review, the company's exposure to credit risk is through its Trade Receivables and Deposits with banks and other financial institutions. However, we have noted the company policy of reducing Credit Sales to some customers in order to minimize credit risk exposure.

- **EXCHANGE RATE RISK**

This is the risk of loss to income arising from adverse movement in exchange rate.

Based on our review, the Company depends on importation for some of its production inputs. Consequently, adverse movement in Exchange Rate could impair profitability. However, we also note that in pharmaceutical sector, the burden of such cost could be passed to the consumer.

## FUTURE OUTLOOK

The future outlook of the Company is built around its growth strategies. These include significant focus on Product Development, Market Penetration, Market Development and Diversification.

By this, the Company intends to quantitatively grow its current Revenue and Profit Before Tax to ₦45b and ₦7b respectively by the year-end 2025.

## CONCLUSION

The Rating of the Company is supported by its Good Revenue Profile, Profitability, Liquidity and experienced Management Team.


Consequently, we assigned a Rating of “A”

## FINANCE

### Financial Position as at

	Dec, 2021		Dec, 2020		Dec, 2019
	₦'000	Δ%	₦'000	Δ%	₦'000
<b>Non-current assets</b>					
Property, Plant and Equipment	14,892,994	11.24	13,387,810	11.59	11,996,884
Right of use asset	486,271	(18.30)	595,194	(15.36)	703,182
Investment property	31,823	(2.81)	32,742	(2.51)	33,586
Intangible assets	21,722	(7.68)	23,530	(15.16)	27,736
Loans and other receivables	14,027	8.98	12,871	26.53	10,172
Available for sale	5,030	1.41	4,960	33.33	3,720
Investment in associate					
Other non-current financial assets	173,162	0.87	171,673	(61.10)	441,337
Net current (liabilities)/assets	6,508,720	87.85	3,464,889	236.25	1,030,463
	<b>22,133,749</b>	<b>25.09</b>	<b>17,693,669</b>	<b>24.19</b>	<b>14,247,080</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	(6,210,729)	53.33	(4,050,683)	50.30	(2,695,082)
Lease liabilities	(63,590)	(61.33)	(164,459)	(47.36)	(312,409)
Staff retirement benefits	(268,185)	(40.11)	(447,792)	60.77	(278,533)
Government grant	(660,764)	(29.57)	(938,248)	279.40	(247,299)
Deferred revenue	(1,583)	(66.68)	(4,751)	(39.98)	(7,916)
Deferred taxation	(1,177,063)	(23.98)	(1,548,311)	42.63	(1,085,533)
	<b>13,751,835</b>		<b>10,539,425</b>	<b>9.55</b>	<b>9,620,308</b>
<b>Finance by:</b>					
Share Capital	1,043,180	-	1,043,180	-	1,043,180
Share premium	4,933,932	-	4,933,932	-	4,933,932
Retained earnings	7,774,138	70.42	4,561,808	25.19	3,643,921
Available for sale reserve	585	13.59	515	(171.03)	(725)
	<b>13,751,835</b>	<b>30.48</b>	<b>10,539,435</b>	<b>9.55</b>	<b>9,620,308</b>
Revenue	30,860,817	68.86	18,275,856	29.97	14,062,015
Profit before taxation	4,717,644	166.20	1,772,211	207.85	575,666
Profit/(loss) for the year	3,719,913	208.70	1,205,039	195.94	407,188
Dividend	1,043,180	100.00	521,591	66.67	312,939

---

**Signed:**   
**Name:** Oladele Adeoye  
**Designation:** Chief Rating Officer  
**Date:** 6th June, 2022

For and on behalf of:

**DataPro Limited**  
Ground Floor, Foresight House  
By Marina Water Front  
163/165 Broad Street, Lagos Island, Lagos.  
Tel: 234-1-4605395, 4605396  
Cell: 0805-530-3677  
Email: [info@datapronigeria.net](mailto:info@datapronigeria.net), dataprong@gmail.com  
Website: [www.datapronigeria.net](http://www.datapronigeria.net)

---

©

**DataPro 2022**  
*All right reserved.*

*This report is provided for your internal business use only and may not be reproduced or re-distributed in any manner whether mechanical or without the permission of **DataPro**.*

*Whilst **DataPro** attempts to ensure that the information provided is accurate and complete, however due to the immense quantity of detailed matter used in compiling the information and the fact that some of the data are supplied from sources not controlled by **DataPro**, we will not be responsible for any omission therefrom.*

## USER GUIDE

*DataPro's* credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long-term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

### LONG-TERM RATING

#### Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	<i>(Superior)</i> Assigned to companies which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	<i>(Excellent)</i> Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	<i>(Very Good)</i> Assigned to companies which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	<i>(Fair)</i> Assigned to companies which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have an ability to meet their

current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

**Non-Investment Grade**

<b>Indicator</b>	<b>Meaning</b>	<b>Explanation</b>
BB	Moderate Risk	<i>(Marginal)</i> Assigned to companies which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	<i>(Weak)</i> Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	<i>(Poor)</i> Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	<i>(Very Poor)</i> Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

## SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added “+” to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non-investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment. Indicates an entity that has defaulted on all its financial obligations.