



# DataPro

## CORPORATE RATING REPORT

## DANGOTE SUGAR REFINERY PLC

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February, 2025

# DANGOTE SUGAR REFINERY PLC

## Long-Term Rating:

# A<sup>-</sup>

**Short Term Rating:** A2

**Previous Rating:** A<sup>+</sup>

**Rating Outlook:** Negative

**Trend:** UP

**Currency:** Naira

**Date Issued:** 4 Feb., 2025

**Valid Till:** 3 Feb., 2026

## Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju.

Oladele Adeoye.

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## EXECUTIVE SUMMARY

	2023 ₦'M	2022 ₦'M	2021 ₦'M	2020 ₦'M	2019 ₦'M
Gross Earnings	441,453	403,246	276,055	206,055	158,105
Profit Before Tax	(107,161)	81,907	34,975	35,097	34,829
Equity	81,810	172,030	135,050	116,986	118,083
Long Term Debt	330	13,770	12,331	12,331	6,694
Total Asset	601,041	490,970	349,769	326,549	198,129
Non-Current Assets	201,655	158,018	141,210	118,570	36,318

## Rating Explanation

The Short-Term Rating of **A2** indicates *Fair Credit Quality* and adequate capacity for timely payment of financial commitments.

The Long-Term Rating of **A<sup>-</sup>** 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 strong 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 were 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:

### Positive Rating Factors:

- Strong Market Share
- Strong Demand Profile
- Experienced Management Team
- Strong Earnings Growth

### Negative Rating Factors:

- Low Asset Utilization
- Significant Exposure to Foreign Exchange Risk
- Declined Profitability
- High Debt Profile

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## BACKGROUND

*Dangote Sugar Refinery Plc* ("The Company") was established in 1999 and commenced business in the year 2000 as a division within the *Dangote Group* (*Dangote Industries Limited*). It became a Public Limited Liability in the year 2005.

The restructuring of the Company's operations was finalized in January 2006 following the court-sanctioned scheme of arrangement, under which all assets, liabilities, and business undertakings of the erstwhile sugar division of *Dangote Industries Limited* were transferred to *Dangote Sugar Refinery Plc*. Subsequently, the newly established entity was listed on the *Nigerian Exchange Group* (NGX) in March 2007, following a successful Initial Public Offering (IPO) in 2006.

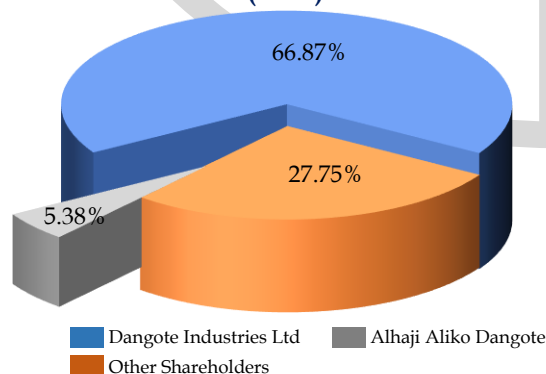
The Company is a leading player in the Nigerian sugar industry, specializing in the refining and distribution of raw sugar. Its core product offerings include fortified and non-fortified refined sugar. Fortified sugar is distributed through an extensive network of distributors to households, while non-fortified sugar is primarily supplied for industrial applications. In addition to refined sugar, the Company trades in valuable by-products such as molasses and bagasse. Molasses can be further processed to produce ethanol, while bagasse serves as a biofuel for electricity generation.

The Company has a refining capacity of 1.44 million metric tons (MMT) per annum and operates warehouses that are strategically located across Nigeria. These are supported by a fleet of over 800 haulage trucks to ensure seamless nationwide distribution. As the largest sugar refinery in sub-Saharan Africa, it holds a dominant 55% market share in Nigeria's retail sugar segment. To enhance accessibility and meet diverse consumer needs, its sugar products are packaged in 1-tonne, 50kg, 1kg, 500g, and 250g sizes.

The administrative headquarters is situated in *Lagos State*, while its sugarcane cultivation and milling operations are integrated into its backward

integration projects in *Numan, Adamawa State*. Additionally, it is actively developing greenfield sites, including the Nasarawa Sugar Company Project in Tunga, *Nasarawa State*, as part of its expansion strategy. Sugar refining is carried out at its state-of-the-art refinery in Apapa, Lagos. Presently, it operates with a staff strength of 2,900.

### ANALYSIS OF SHAREHOLDING STRUCTURE (2024)



Source: Dangote Sugar Refinery Plc

The Company has three (3) wholly owned subsidiaries. These are: *Nasarawa Sugar Company Limited*, *Dangote Taraba Sugar Limited*, and *Dangote Adamawa Sugar Limited*. *Dangote Industries Limited* is the majority Shareholder with total interest of 66.87%. Other Shareholders accounted for 33.13%.

## DIRECTORS' PROFILE

The following served as directors during the year under review: *Alhaji Aliko Dangote—Chairman; Mr. Ravindra Singh Singhvi—Managing Director/CEO; Mr. Uzoma Nwankwo; Mr. Olakunle Alake; Ms. Bennedikter Molokwu; Ms. Mariam Bashir; Prof. Konyinsola Ajayi, SAN; Alhaji Abdu Dantata; Mrs. Yabarwa Lawan Wabi, Mrs Mariya Aliko, and Mr. Arnold Ekpe.*

The Directors' profile is as follows:

1. **Name:** Alhaji Aliko Dangote  
**Position:** Chairman  
**Profession:** Entrepreneur  
**Years of Experience:** Over 41 years  
**Education:** •B.Sc. – Al-Azhar University, Cairo  
**Job Experience:** •President/ Chief Executive, Dangote Industries Ltd  
**Year of Board Membership:** Since Inception
2. **Name:** Mr. Ravindra Singh Singhvi  
**Position:** Group Managing Director/ CEO  
**Profession:** Chartered Accountant  
**Years of Experience:** Over 41 years  
**Education:** •B.Com (Hons)- University of Jodhpur, India.  
•Law (I)- University of Jodhpur, India.  
**Job Experience:** •NSL Sugar Limited  
•Hyderabad, India  
•Chennai, India  
**Year of Board Membership:** 2020
3. **Name:** Mr. Uzoma Nwankwo  
**Position:** Non-Executive Director  
**Profession:** Financial Executive  
**Years of Experience:** Over 41 years  
**Education:** •B.Eng- University of Nigeria, Nsukka  
•M.Eng- Michigan State University  
•MBA- University of Michigan State  
**Job Experience:** •Amni International Petroleum Development Company  
•First Bank, Nigeria  
•Citibank, Nigeria  
•Citibank-Citicorp, Newyork

- 4. Name:** Mr. Olakunle Alake  
**Position:** Non-Executive Director  
**Profession:** Business Executive  
**Years of Experience:** Over 41 years  
**Education:** •B.Sc – Obafemi Awolowo University. Ile-Ife  
•Institute of Chartered Accountants of Nigeria (ICAN)  
**Job Experience:** •Dangote Group  
•International Trust Bank  
•PricewaterhouseCoopers
- 5. Name:** Mr. Bennedikter China Molokwu  
**Position:** Non-Executive Director  
**Profession:** Financial Executive  
**Years of Experience:** Over 41 years  
**Education:** •Columbia University  
•Harvard Business School  
•IMD  
•Wharton Business School  
**Job Experience:** •Securities and Exchange Commission  
•Citibank, Nigeria
- 6. Name:** Ms. Maryam Bashir  
**Position:** Non-Executive Director  
**Years of Experience:** Over 40 years  
**Education:** •B.Sc. – Ahmadu Bello University. Zaria  
•MBA –University of Jos  
**Job Experience:** •Dangote Group  
•Creditcorp Limited  
•UBA Capital and Trust Limited  
•United Bank for Africa (UBA)  
•International Merchant Bank
- 7. Name:** Prof Konyinsola Ajayi  
**Position:** Non-Executive Director  
**Profession:** Senior Advocate of Nigeria (SAN)  
**Years of Experience:** Over 40 years  
**Education:** •N/A  
**Job Experience:** •Dangote Group  
•Olaniwun Ajayi LP  
•Nigerian Economic Summit Group  
•Nassarawa State Investment and Economic Council
- 8. Name:** Abdu Dantata  
**Position:** Non-Executive Director  
**Years of Experience:** Over  
**Education:** •Kellogg School of Management, USA



**Job Experience:** •Nigerian Institute of Shipping  
•Dangote Group

- 9. Name:** Mrs. Yabawa Lawan Wabi  
**Position:** Independent Non-Executive Director  
**Education:** •B.Sc. Ahmadu Bello University, Zaria  
•Association of National Accountants of Nigeria  
**Job Experience:** •Dangote Group  
•Veritas Healthcare Limited  
•Veritas Kapital Assurance  
•Unity Bank Plc  
•Ministry of Finance  
•Ministry of Works and Housing, Borno State.
- 10. Name:** Mrs. Mariya Aliko Dangote  
**Position:** Executive Director  
**Education:** •LL. B & B.L- Coventry University, United Kingdom  
•MBA- Coventry University, United Kingdom  
**Job Experience:** •Dangote Industries Limited
- 11. Name:** Mr. Arnold Ekpe  
**Position:** Independent Non-Executive Director

## SECTOR REVIEW

Nigeria remains one of the dominant economies in Africa, with a population exceeding 200 million and a rapidly evolving manufacturing sector. In the third quarter of 2024, the country's Gross Domestic Product (GDP) demonstrated a real-term growth of 3.46% year-on-year, an improvement over the 2.54% growth recorded in Q3 2023 and 3.19% in Q2 2024. This growth was largely driven by the Services sector, which accounted for 53.58% of GDP and expanded at a rate of 5.19%.

According to the *National Bureau of Statistics (NBS)* the Manufacturing Sector comprises of thirteen activities: Oil Refining; Cement; Food, Beverages and Tobacco; Textile, Apparel, and Footwear; Wood and Wood products; Pulp Paper and Paper products; Chemical and Pharmaceutical products; Non-metallic Products, Plastic and Rubber products; Electrical and Electronic; Basic Metal and Iron and Steel; Motor Vehicles and Assembly; and Other Manufacturing.

The Manufacturing Sector in the third quarter of 2024 recorded a real GDP growth of 0.92% (year-on-year). This was 32.97% points lower than the figure recorded in the Q3 2023 (36.59%) and 1.72% points higher than the Q2 2024 figure of 1.91%. The growth rate of the sector on a quarter-on-quarter basis stood at 6.74%. The real contribution to GDP in the 2024 third quarter was 8.21%, lower than the 8.42% recorded in the third quarter of 2023 and lower than the 8.46% recorded in the second quarter of 2024.

Manufacturers in Nigeria face several challenges, including inadequate infrastructure, unreliable electricity supply, insecurity, inflation, inconsistent government policies, and difficulties in accessing financing for business expansion. While various incentives have been introduced to support the sector, it continues to underperform, with manufactured goods consistently ranking as one of the largest imports into Nigeria since the 1980s.

The Trade Sector grew by 0.65% in the third quarter of 2024. This was 0.88% points lower than the rate recorded in the third quarter of 2023 at 1.53%, and 0.05% points lower than in the second quarter at 0.70% growth rate.

The continued scarcity of foreign currency, stemming from reduced oil revenues and limited export diversification, continues to put pressure on the Naira. Despite the Central Bank of Nigeria's (CBN) move to unify the foreign exchange market and float the Naira in June 2023, the local currency still experienced significant devaluation. By January 31, 2025, the Naira traded at ₦1,475.00/\$1 in the official market and ₦1,635/\$1 in the parallel market.

High inflation, fueled by rising food and energy prices, remains a critical concern. The Monetary Policy Committee (MPC) of the CBN has responded by raising the Monetary Policy Rate (MPR) multiple times, with the rate standing at 27.50% as of November 2024. While this policy is intended to curb inflation, it has also resulted in high borrowing costs, limiting access to affordable financing for businesses.

Nigeria is the second-largest sugar market in Sub-Saharan Africa, after South Africa. As of July 2023, the country produces an estimated 1.6 million metric tons of refined sugar annually. The primary objective of growing and processing sugarcane in Nigeria is sugar production. The Country has approximately 800,000 hectares of fertile land suitable for sugarcane cultivation, especially along the Niger and Benue Rivers.

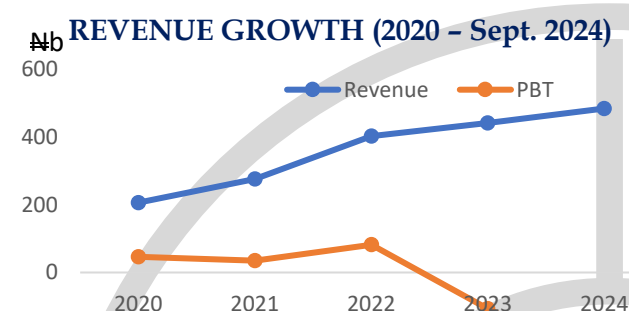
In 2013, in response to high importation costs, the Nigerian Government launched the Nigerian Sugar Master Plan (NSMP) to revitalize the sector. The first phase of the Backward Integration Project (BIP), a ten-year initiative, was introduced to support the growth of local sugarcane plantations and sugar production. The second phase of the NSMP, approved in 2022 and commenced in 2023, aims to further boost domestic production. The Government has implemented various measures to encourage investment, including offering credit facilities, tax incentives, and duties on imported raw and refined sugar. Additionally, an out-grower program has been introduced, requiring processors to purchase sugarcane from small-scale farmers in the communities where they operate.

Given the current demand-supply gap in the sector, local producers must focus on increasing production to meet domestic market needs while investing on cost-saving measures.

## FINANCIAL PERFORMANCE

### EARNINGS PROFILE

As part of our assessment, we reviewed the Company's Audited Financial Statements for the 2022–2023 financial period. Additionally, we analyzed the Unaudited Management Accounts for the period ended September 30, 2024, to gain further insight into the Company's operational and financial performance.



Source: Dangote Sugar Refinery Plc  
2024 represents figures from the Management Account Ended Sept. 2024

2024.

The Company recorded a 9% year-over-year revenue growth in 2023, continuing its upward trajectory over the past five years (2019–2023).

Revenue was primarily derived from the Sales of Refined Sugar and other by-products. In absolute terms, Earnings from these sources totaled ~~N441.5b~~ (Yr. 23) against ~~N403.2b~~ (Yr. 22). This growth momentum persisted into 2024, with Revenue reaching ~~N484.4b~~ for the 9-month period ended September 30,

Although production is concentrated in Northern Nigeria, Lagos remains the Company's largest market, contributing 46% of Total Revenue.

The Company's Direct Costs increased by 14% in response to inflationary pressures, outpacing Revenue growth of 9%. As a result, Gross Profit declined from ~~N92b~~ (Yr. 22) to ~~N86.3b~~ (Yr. 23).

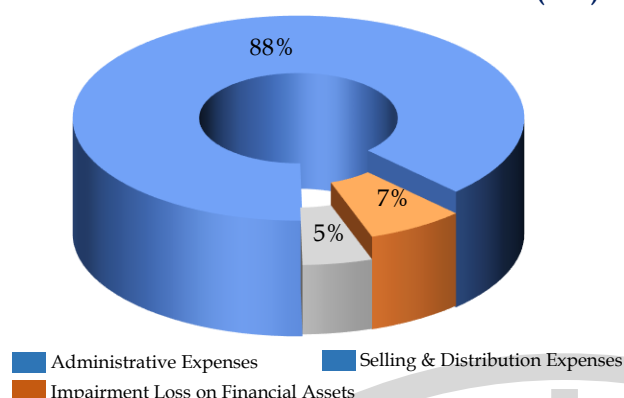
To boost its Revenue, the Company generated income from other sources. These included: insurance claims, scrap sales, grants and rental income.

### PROFITABILITY

The Company expended on Selling and Distribution, Administration, and Impairment in the year 2023. These Operating Expenses totaled ~~N13.8b~~, reflecting a 36% rise from the preceding year. Administrative Expenses remained the major component of the running cost in the year 2023. It increased by 30% and constituted 88% of Operating Expenses.



### COMPOSITION OF OPERATING EXPENSES (2023)

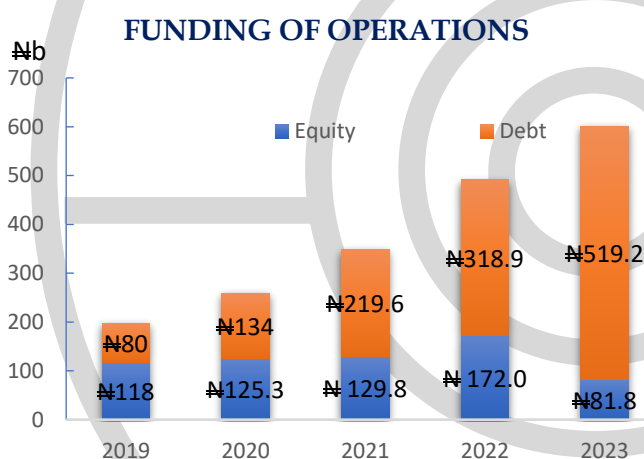


Source: Dangote Sugar Refinery Plc

Finance Costs increased from ₦10.2b to ₦200.9b in the years 2022 and 2023 respectively. This was majorly driven by a heightened Exchange Loss of ₦171.5b (Yr. 23) against ₦2.3b (Yr. 22). This substantial impact weighed heavily on the Company's profitability in the year 2023. Therefore, a Loss Before Tax of ₦107.2b was recorded.

## CAPITALIZATION

The Company operates with a significant level of capitalization, as reflected in its Total Assets, which are reported at ₦601b (Yr. 23). Total Assets were largely dominated by Cash and Cash Equivalent, Receivables as well as Property, Plants and Equipment (PPE).



Source: Dangote Sugar Refinery Plc

The Company shifted to a higher proportion of debt financing for its Total Assets in 2023. Therefore, Debt Funding increased to 86% (Yr. 23), compared with 65% (Yr. 22). However, the debt mix was largely constituted by short-term obligations.

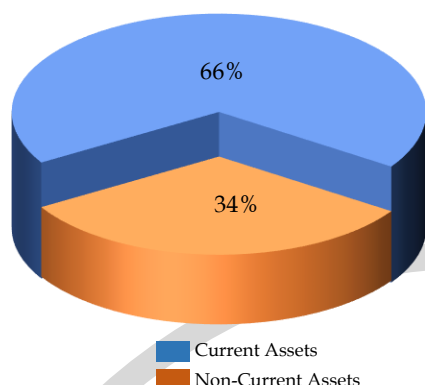
Share Capital and Share Premium remained fixed at ₦6b and ₦6.3b respectively as at the year ended 31 December 2023. Notwithstanding, Total Equity recorded a significant decline from ₦172b (Yr. 22) to ₦81.8b (Yr. 23). This was primarily driven by the net loss incurred during the year, thereby reducing Retained Earnings balance to ₦69.4b. This further declined to a negative of ₦113.9b in the 9 months ended September 30, 2024.

## ASSET UTILITY

The Company operates on 32,000-hectare land in *Numan, Adamawa State*, with a refining capacity of 50,000 tonnes of sugar per annum, sourced from 8,305 hectares of sugarcane fields. As part of its expansion efforts, the Company has upgraded its milling capacity from 3,000 TCD to 9,800 TCD. Additionally, it holds a total land area

of 68,000 hectares in *Tunga, Nasarawa State*, where commercial operations are scheduled to commence in 2025/2026.

### DISTRIBUTION OF TOTAL ASSETS (2023)

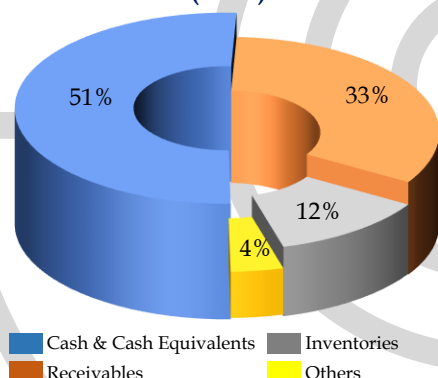


Source: Dangote Sugar Refinery Plc

Non-Current Assets constituted 34% of the Company's Total Assets in the year 2023. This Asset category was strengthened by 28%, from ₦158.0b (Yr. 22) to ₦201.7b (Yr. 23). It comprised Property, Plants and Equipment (PPE), Deferred Tax Assets, Investment in Subsidiaries and Deposit for Shares. All these Asset classes grew in the financial year.

PPE grew from ₦93.7b to ₦101.2b between the years 2022 and 2023 respectively. Deposit for Shares increased by 5% in the financial year. This represented the total funding of the Company's Backward Integration Project Entities which will be converted to equity at a future date.

### PEER COMPARISON OF FUNDING PROFILE (2021)



Source: Dangote Sugar Refinery Plc

Assets totaled ₦399.4b (Yr. 23) against ₦333b (Yr. 22). Its components included Inventories, Cash and Cash Equivalents, Assets held for Sale, Receivables and Biological Assets. Cash and Cash Equivalent formed the bulk of Current Assets in the financial year. It grew by 17% and accounted for 51% of the total Current Assets.

The ability of the Company to effectively utilize Assets to generate

Revenue fell from 82% (Yr. 22) to 73% (Yr. 23). Additionally, the Company's profitability efficiency expressed in terms of Return on Assets declined significantly by 18%.

## • LIQUIDITY

Liabilities of the Company closed at a balance of ₦519.2b, representing a 63% rise from the prior year's position. The current portion of its obligations, particularly Payables were responsible for this increase.

Trade and Other Payables grew from ₦271.5b (Yr. 22) to ₦485.6b (Yr. 23). Also, it constituted 94% of the Total Liabilities in the year 2023. The Company's Payables were largely dominated by Letters of Credit.

There was no Deferred Tax Liabilities in the financial year. As a result, Non-Current Liabilities significantly reduced from ₦13.8b (Yr. 22) to ₦330m (Yr. 23). It comprised Lease Liability and Borrowings.

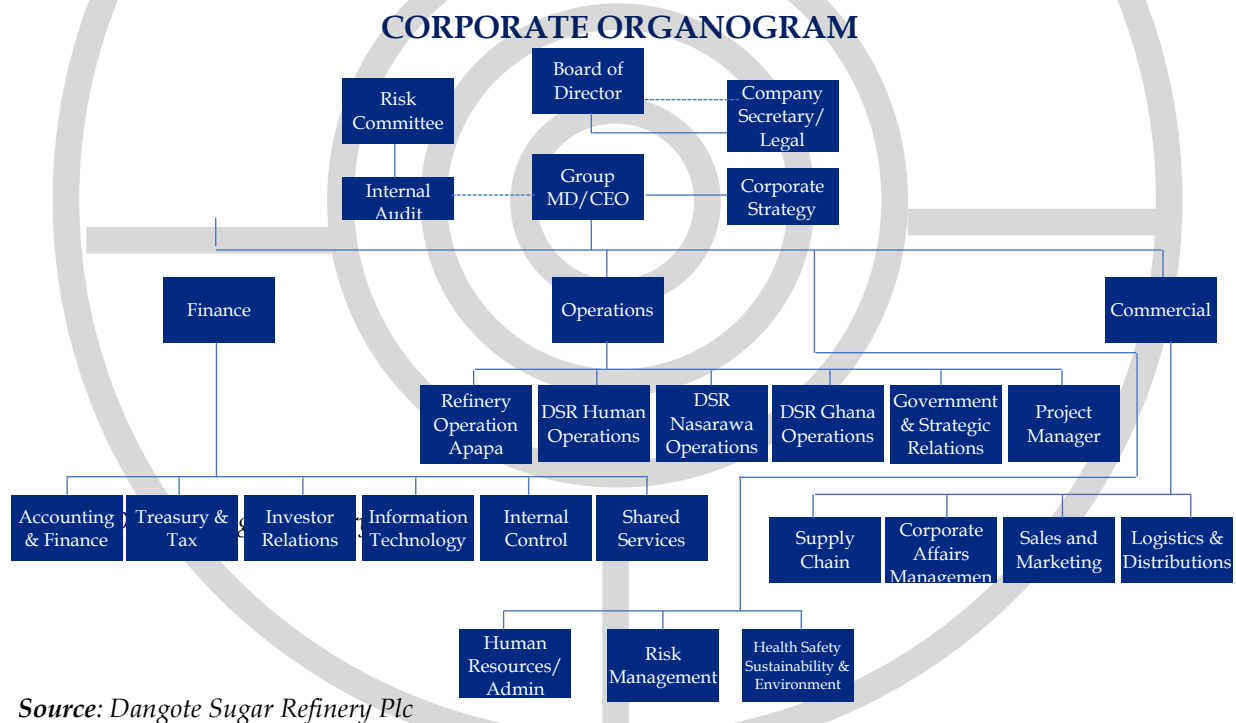
In the year 2023, the Company's Liquid Assets failed to adequately absorb its Short-term Obligations. Therefore, a liquidity deficit of ₦119.5b was ascertained after adjusting for its Current Liabilities. This translated to a Current Ratio of 77% (Yr. 23) as against 109% (Yr. 22). This further declined to 49% as at 30<sup>th</sup> of September 2024.

## CORPORATE GOVERNANCE & RISK MANAGEMENT

The affairs of the Company are directed by the Board of Directors which consists of Two (2) Executives and Nine (9) Non-Executives including an independent Director and the Chairman.

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

The Company's Corporate Organogram is as highlighted



Source: Dangote Sugar Refinery Plc

## RISK FACTORS

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

- INTEREST RISK**

This is the risk of loss to income arising from adverse changes in Interest Rates.

Based on our review, as at 31st December 2023, the Company's interest-bearing liabilities were borrowings of ₦246.1m, accounting for less than 1% of Total Liabilities. The Company pays fixed interest on its borrowings, therefore, adverse movement in Interest Rate would have little impact on profitability.

#### • GOVERNMENT RISK

This is the risk of loss to income due to unfavorable Government Policy. The Company operates in the sector which currently enjoys government support through policy and direct interventions. In the event of any adverse Government policy, the Company performance may be negatively affected.

#### • CREDIT RISK

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

In the year 2023, only about 22% of the Company's Total Assets were concentrated in third parties.

#### • LIQUIDITY RISK

This is the risk arising from the inability of the Company to pay obligations as and when due.

Based on our review, the Company recorded liquidity ratio of 77% in the year 2023. This fell below the benchmark of 100%.

#### • FOREIGN EXCHANGE RISK

This is the risk of loss to income arising from adverse movement in the rate of change between the functional currency of operation and other currencies.

Based on our review, we observed that the Company contracted debts that are denominated in foreign currency. Therefore, adverse movement in exchange rate will impact profitability.











## CONCLUSION

The Rating of the Company is supported by its Strong Market Share, Strong Demand Profile, Experienced Management Team, Good Liquidity and Strong Earning.

Consequently, we assigned a Rating of "A-"

## FINANCES

### Financial Position as at

	Dec, 2023 ₦'000	Δ%	Dec, 2022 ₦'000	Δ%	Dec, 2021 ₦'000
<b>ASSETS</b>					
Non-Current Assets	201,655,441	27.62	158,018,083	11.90	141,210,336
Current Assets	398,516,439	20.01	332,083,111	59.89	207,690,101
Assets of disposal group	868,642	0.00	868,642	0.00	868,642
<b>TOTAL ASSETS</b>	<b>601,040,522</b> 	<b>22.42</b>	<b>490,969,836</b> 	<b>40.37</b>	<b>349,769,079</b>
<b>EQUITY</b>					
Share Capital and Premi	12,393,963	0.00	12,393,963	0.00	12,393,963
Retained Earnings	69,415,945	(56.52)	159,635,722	30.15	122,656,192
<b>Total equity</b>	<b>81,809,908</b> 	<b>(52.44)</b>	<b>172,029,685</b> 	<b>27.38</b>	<b>135,050,155</b>
<b>TOTAL LIABILITIES</b>					
Non-Current Liabilities	330,057	(97.60)	13,769,637	11.66	12,331,269
Current Liabilities	518,900,557	70.04	305,170,514	41.37	215,859,981
<b>Total Liabilities</b>	<b>519,230,614</b> 	<b>62.80</b>	<b>318,940,151</b> 	<b>39.77</b>	<b>228,191,250</b>
<b>TOTAL EQUITY AND I</b>	<b>601,040,522</b> 	<b>22.42</b>	<b>490,969,836</b> 	<b>35.16</b>	<b>363,241,405</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Revenue	441,452,953	9.47	403,245,988	46.07	276,054,781
Profit Before Tax	(107,161,258)	(230.83)	81,907,076	134.18	34,975,396
Profit for the Year	(107,161,258) 	(230.83)	81,907,076 	134.18	34,975,396



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**Signed:**   
**Name:** Oladele Adeoye  
**Designation:** Chief Rating Officer  
**Date:** 4th February, 2025

For and on behalf of:  
**DataPro Limited**  
Ground Floor, Foresight House  
By Marina Water Front  
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Website: [www.datapronigeria.net](http://www.datapronigeria.net)

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## 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

### Indicator Meaning Explanation

BB	Moderate Risk	(Marginal) 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	(Weak) 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	(Poor) 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	(Very Poor) 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.