



The Pakistan Credit Rating Agency Limited

**Rating Report**

**Descon Engineering Limited**

**Report Contents**

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

**Rating History**

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
17-Mar-2023	AA-	A1	Stable	Maintain	-
18-Mar-2022	AA-	A1	Stable	Maintain	-
20-Mar-2021	AA-	A1	Stable	Initial	-

**Rating Rationale and Key Rating Drivers**

Descon Engineering Ltd. is Pakistan’s leading engineering enterprise. The Company, Descon Engineering Ltd., has a deep understanding of and expertise in sectors like Oil & Gas, Cement, Power, Hydro Power, and Renewable Energy, to name a few. The Company carries a specialization in EPC, Infrastructure, Construction, and Manufacturing apart from maintenance services and automation. As evident from the name, Descon Engineering Ltd. is part of the Descon Companies. The Companies possess a wealth of experience gathered over more than four decades and has presence in multiple sectors of the economy. The Companies have presence outside Pakistan as well, primarily across the Middle East. Foreign operations provide the same bouquet of services as offered domestically by Descon Engineering Ltd. The profitability at a consolidated level is significantly promising and lend further support to the Company. The Companies have a practice of keeping liquid strategic reserve, providing a cushion against unforeseen risks. Descon Engineering Ltd. has a history of sustaining its business flow. The current basket of projects is quite healthy with a mammoth project in the Hydro Power segment. In spite of economic turmoil company was successful to post viable growth in revenues during FY22 because of the built in escalation clauses with its clients which provides a hedge against inflation as well as Pak Rupee Devaluation. Going forward, company has stout projects in its basket ensuring the sustainability. Given the nature of the business, the Company is in no need of a huge capital funding base, when compared to the size of projects it undertakes. However, the non-funded obligations are integral to the business operations. Hence, working capital management takes precedence, in which the management has acquired the expertise to manage. The strength of the company lies in sourcing the future contracts and maintaining its pipeline. The business is being managed by an independent and able team. The governance practices despite the unlisted status of the Company are strong; so is the control environment.

Rating is dependent upon several contracts successfully completed and upcoming mega projects undertaken by management to streamline its business for improved profitability, which is pivotal for considerable growth.

**Disclosure**

<b>Name of Rated Entity</b>	Descon Engineering Limited
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Entity Rating
<b>Applicable Criteria</b>	Methodology   Corporate Rating(Jun-22),Methodology   Correlation Between Long-term & Short-term Rating Scales(Jun-22),Methodology   Rating Modifiers(Jun-22)
<b>Related Research</b>	Sector Study   Construction(Mar-22)
<b>Rating Analysts</b>	Anam Waqas Ghayour   anam.waqas@pacra.com   +92-42-35869504

## Profile

**Legal Structure** Descon Engineering Limited (DEL) is an unquoted public limited company. The company was originally incorporated as a private limited company in 1977 and was subsequently converted into an unquoted public company in 1997. The company is principally engaged in construction and development of infrastructure projects in Pakistan.

**Background** Almost forty-four years ago, the Descon office was established in Lahore, its global presence spreads across the United Arab Emirates, Saudi Arabia, Oman, and Qatar along with Kuwait, Iraq, and Egypt. The major strength of the companies is the experienced project team having the essential ISO, OHSAS, and ASME certifications in addition to internal QA & QC and HSE standards.

**Operations** DEL is an integrated engineering service and manufacturing company operating in Pakistan. Apart from Pakistan, Descon Companies have presence in the Middle East and Africa. DEL is renowned for delivering client-specific solutions for projects related to Energy, Infrastructure, and Process industry. The integrated package of services encompasses engineering, procurement, manufacturing, construction, commissioning, and maintenance.

## Ownership

**Ownership Structure** The Company was founded by Mr. Abdul Razzak Dawood as Design Engineering and Construction Services (Descon) in 1977. With respect to ownership DEL Projects (Private) Limited owns 99.9% shares of the Company. The DEL Projects (Private) Limited is owned by Mr. Abdul Razzak Dawood & family (including Mr. Taimur Dawood-Elder Son, and Mr. Faisal Dawood-Younger son).

**Stability** The experienced management team of the Company is providing expertise and exposure to managing the business affairs efficiently enabling to remain as one of the reliable engineering and contracting companies in Pakistan.

**Business Acumen** The sponsors of the Company have rich industry experience are keeping abreast of technological advancements, and are skilled in risk assessment and mitigation through adopting flexibility and adaptability approaches in the engineering and contracting business.

**Financial Strength** The sponsors have a strong financial profile and support to DEL is demonstrated as the companies have presence in multiple countries.

## Governance

**Board Structure** The overall control of board vests in seven-member board of directors, wherein four are from sponsoring family including Chairman – Mr. Taimur Dawood, & Vice Chairman – Mr. Faisal Dawood, while four are non-executive members. The non-executive directors ensure the effectiveness of the board structure.

**Members' Profile** The board members are qualified and experienced individuals. Mr. Taimur Dawood, the Chairman, has almost twenty-five years of experience – associated with the Descon Companies since 1995 after completing his graduation from Purdue University USA. He is an Engineer by profession and further pursued an MBA with majors in Finance from Columbia Business School in 1999.

**Board Effectiveness** DEL complies with the code of corporate governance. All of the board members do not participate in the management of the Company. The presence of board committees ensures effective oversight of the company's affairs and strengthening the board's governance role.

**Financial Transparency** Crowe – Hussain Chaudhury & Co., Chartered Accountants, is the external auditor of the company. The auditor gave an unqualified opinion on the company's financial statements for the year ended June 30, 2022.

## Management

**Organizational Structure** DEL is working through a corporate governance structure where all direct and indirect functions report to the incumbent CEO whereas the CEO create liaison with company secretary & report to the Chairman.

**Management Team** Mr. Taimur Saeed holds the office of CEO. He served as President of Manufacturing Division & President Marketing & Sales department at Descon Engineering. He became associated with Descon in 2010, his last assignment was Chief Executive Officer for Descon Oxychem Limited. All members of the senior management team have an average experience of more than 25 years and are recognized across the industry.

**Effectiveness** DEL has been successful in the acquisition and execution of hundreds of projects for blue-chip clients in Pakistan and overseas establishing an effective role as a management team. All the faculties required to deliver turnkey projects reside within the company that enables to provide solutions as an EPCC (Engineering, Procurement, Construction, and Commissioning) services provider to international clients.

**MIS** The Company has a robust IT infrastructure in place where headquarters is connected with multiple local and overseas sites through 'Data Link Cloud' and 'Internet Cloud'. SAP ERP (EC&O - Engineering Construction and Operations) system is implemented by Abacus – Pakistan with the cooperation of SAP Germany 2016.

**Control Environment** The construction projects observe a high standard of Quality, Health, Safety, and Environmental (QHSE). Descon Engineering Ltd. complies with applicable laws and relevant industry standards and is also certified with the quality standards from ISO 9001, ISO 14001, and OSHAS18001-2007.

## Business Risk

**Industry Dynamics** The construction sector contributed almost PKR~1,409bn to the Gross Domestic Product (GDP) of Pakistan in FY21 (FY20: PKR~1,231bn), registering a growth of ~14.4% YoY basis; Contribution to GDP decreased since FY19 from ~3.2% to ~2.8% on average; Construction activity during FY21 increased by ~14.4% in the industrial sector due to an increase in government support and uptick in investment by private sector; the industry is expected to grow up to PKR~2,706bn by FY29 at a CAGR of 11.8%. However, during the devastation of flash floods the industry's output plunged and rising cost of input materials increased the pressure on the industry. Going Forward, increase in PSDP as well as increase in private sector spending will help rebound the industry.

**Relative Position** Out of the 10,000+ firms registered with Pakistan Engineering Council as Constructors / Operators, only ~100 (1%), including Descon Engineering Ltd, hold the prestigious CA category (no limit) license which enables them to be on the pre-qualifying list of approved constructors.

**Revenues** During FY22, company generated revenues of PKR 19,465m as compared to PKR 16,764m during the corresponding year, presenting an increase of 16% YOY. Company has consistently reported profit (FY22: 641m, FY21: 352m) from last two years after incurring the loss of PKR 66m in FY20. Revenue of the Company improved owing to the new projects awarded and executed during said period and also with the sharp increase in the cost of raw material which translates significantly into the revenues.

**Margins** During FY22, gross margin declined to 12.5% on YoY basis (FY21: 17.9%; FY20: 17.6%). In addition, with increased topline and controlled finance cost the company's net profit stood at PKR 641m (FY21: PKR 352m), increasing the net profit margin to 3.3% from 2.1%.

**Sustainability** DEL's management envisages long term sustainable outlook in the market by planning to move to the capital market instead of the money market to meet upcoming financing needs. The healthy backlog business ensures sustainable and long-term growth. Management continues to progressing up the value chain to add value for the customers aiming to look at the challenges that arise as opportunities to achieve continuous improvement.

## Financial Risk

**Working Capital** Working Capital of the Company is mainly supported by short-term borrowings and internal cash. During FY22, Descon Engineering's networking capital days stood at 40days (FY21: 63days; FY20: 96days) owing to manageable trade receivables. DEL procures a working capital financing for each project that is according to the turnaround required for the respective projects.

**Coverages** During FY22, DEL's free cash flows (FCFO) denote performance stability, stood at ~PKR 2,242m (FY21: PKR 2,719m; FY20: PKR 493m). While debt-servicing coverage decreased to 3.4x (FY21: 6.7x; FY20: 0.5x), core debt coverage also in line with reported as 1.3x (FY21: 5.0x; FY20: 0.5x) owing to the increase in input cost.

**Capitalization** DEL has adequately managed its capital structure. Company' leveraged capital structure stayed manageable over the years as Debt to debt plus equity ratio is at 30.3% at end-Jun22, (end-Jun21: 30.5%; end-Jun20: 28.3%). On the back of robust operating cash flows, the company reduced its short term leverage from previous years – Sort term borrowing to total borrowing stood as at 77.7% (end-Jun21: 90.6%).



The Pakistan Credit Rating Agency Limited

Financial Summary

PKR mln

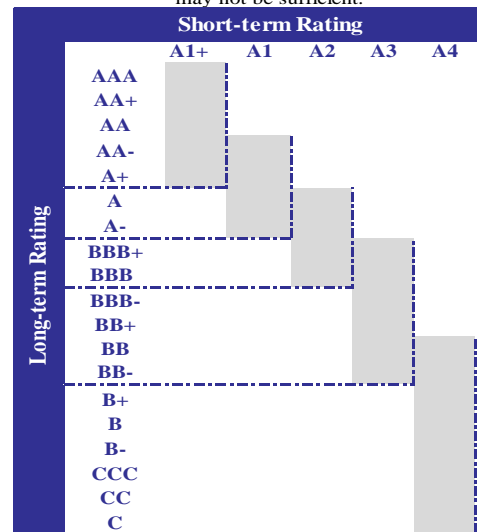
Descon Engineering (Pvt.) Limited Construction	Jun-22 12M	Jun-21 12M	Jun-20 12M	Jun-19 12M
<b>A BALANCE SHEET</b>				
1 Non-Current Assets	18,112	15,433	11,187	9,887
2 Investments	2,552	488	527	1,417
3 Related Party Exposure	3,068	2,443	1,998	5,054
4 Current Assets	19,898	19,852	21,481	24,755
<i>a Inventories</i>	1,100	803	466	798
<i>b Trade Receivables</i>	4,494	4,374	5,928	5,529
<b>5 Total Assets</b>	<b>43,629</b>	<b>38,216</b>	<b>35,192</b>	<b>41,113</b>
6 Current Liabilities	18,357	12,781	12,784	14,775
<i>a Trade Payables</i>	3,578	2,945	2,878	3,144
7 Borrowings	6,384	6,252	4,795	8,452
8 Related Party Exposure	219	343	309	4,176
9 Non-Current Liabilities	4,009	4,603	5,176	1,344
<b>10 Net Assets</b>	<b>14,659</b>	<b>14,237</b>	<b>12,129</b>	<b>12,366</b>
<b>11 Shareholders' Equity</b>	<b>14,659</b>	<b>14,237</b>	<b>12,129</b>	<b>12,366</b>
<b>B INCOME STATEMENT</b>				
1 Sales	19,465	16,764	12,680	24,373
<i>a Cost of Good Sold</i>	(17,030)	(13,764)	(10,445)	(21,426)
<b>2 Gross Profit</b>	<b>2,435</b>	<b>3,000</b>	<b>2,235</b>	<b>2,947</b>
<i>a Operating Expenses</i>	(1,438)	(1,802)	(1,616)	(1,722)
<b>3 Operating Profit</b>	<b>997</b>	<b>1,198</b>	<b>619</b>	<b>1,225</b>
<i>a Non Operating Income or (Expense)</i>	779	384	1,221	1,303
<b>4 Profit or (Loss) before Interest and Tax</b>	<b>1,776</b>	<b>1,582</b>	<b>1,840</b>	<b>2,528</b>
<i>a Total Finance Cost</i>	(843)	(639)	(1,227)	(1,231)
<i>b Taxation</i>	(292)	(591)	(679)	(1,034)
<b>6 Net Income Or (Loss)</b>	<b>641</b>	<b>352</b>	<b>(66)</b>	<b>263</b>
<b>C CASH FLOW STATEMENT</b>				
<i>a Free Cash Flows from Operations (FCFO)</i>	2,242	2,719	493	437
<i>b Net Cash from Operating Activities before Working Capital Changes</i>	1,513	2,067	(789)	(355)
<i>c Changes in Working Capital</i>	3,089	(57)	3,814	(29)
<b>1 Net Cash provided by Operating Activities</b>	<b>4,601</b>	<b>2,010</b>	<b>3,025</b>	<b>(385)</b>
<b>2 Net Cash (Used in) or Available From Investing Activities</b>	<b>(4,666)</b>	<b>(2,056)</b>	<b>290</b>	<b>(655)</b>
<b>3 Net Cash (Used in) or Available From Financing Activities</b>	<b>(217)</b>	<b>1,057</b>	<b>(3,657)</b>	<b>3,158</b>
<b>4 Net Cash generated or (Used) during the period</b>	<b>(282)</b>	<b>1,011</b>	<b>(342)</b>	<b>2,119</b>
<b>D RATIO ANALYSIS</b>				
<b>1 Performance</b>				
<i>a Sales Growth (for the period)</i>	16.1%	32.2%	-48.0%	51.9%
<i>b Gross Profit Margin</i>	12.5%	17.9%	17.6%	12.1%
<i>c Net Profit Margin</i>	3.3%	2.1%	-0.5%	1.1%
<i>d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)</i>	27.4%	15.9%	34.0%	1.7%
<i>e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sl</i>	4.4%	2.7%	-0.5%	-0.3%
<b>2 Working Capital Management</b>				
<i>a Gross Working Capital (Average Days)</i>	101	126	183	84
<i>b Net Working Capital (Average Days)</i>	40	63	96	-8
<i>c Current Ratio (Current Assets / Current Liabilities)</i>	1.1	1.6	1.7	1.7
<b>3 Coverages</b>				
<i>a EBITDA / Finance Cost</i>	4.1	7.5	1.3	2.0
<i>b FCFO / Finance Cost+CMLTB+Excess STB</i>	1.3	5.0	0.5	0.4
<i>c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)</i>	1.4	0.3	-0.1	-0.2
<b>4 Capital Structure</b>				
<i>a Total Borrowings / (Total Borrowings+Shareholders' Equity)</i>	30.3%	30.5%	28.3%	40.6%
<i>b Interest or Markup Payable (Days)</i>	75.4	73.9	55.5	70.7
<i>c Entity Average Borrowing Rate</i>	10.4%	18.4%	15.9%	16.4%

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

**Disclaimer:** PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell.

### **Rating Team Statements**

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

### **2) Conflict of Interest**

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

### **Restrictions**

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).

(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)

### **Proprietary Information**

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's prior written consent