The Pakistan Credit Rating Agency Limited

# Rating Report

## Latif Textile Mills (Pvt.) Limited

**Report Contents**



**Rating History**

| Dissemination Date | Long Term Rating | Short Term Rating | Outlook | Action | Rating Watch |
|---|---|---|---|---|---|
| 27-Jan-2023 | BBB- | A2 | Stable | Maintain | - |
| 28-Jan-2022 | BBB- | A2 | Stable | Initial | - |

**Rating Rationale and Key Rating Drivers**

The assigned ratings of Latif Textile reflect the adequate positioning of the Company in the relative universe. The Company is a manufacturer and exporter of Yarn and Towels, having both Open-end and Ring Spinning technologies for yarn and end-to-end weaving to stitching facilities for towels. The installed capacity is 20,160 spindles and 3,960 rotors along with 72 terry loom for towel weaving and 36 stitching machines. Furthermore, Latif Textile has established a weaving unit, a bleaching plant, and a stitching unit during the period under review. Board comprises two members and both are from sponsoring families. The Company's management involves experienced professionals looking after the operations of the Company. During FY22, the Company's revenues stood at PKR 4,093mln (FY21: PKR 2,609mln). The sales mix, dominated by local sales, display stagnancy over the years. The Company enjoys an established customer base in the local market which drives the major revenue. During FY22, the Company also entered the export market and earned good revenues from exports. Margins declined during the period under review due to an upsurge in financial charges (as a result of increased short-term borrowings), rising energy costs, and exchange rates. The financial risk matrix depicts that Company's leveraging increased due to an increase in total borrowings clocking in at PKR 1,061mln (FY21: PKR 900mln). The import of raw materials has become a challenge to manage, which is quite essential for the continuation of operations. Management of receivables is essential for the Company. The company is expected to adhere to conservative financial discipline, which would be crucial to ratings.

During 5MFY23, textile exports were valued at $7.44bln compared to $7.76bln, reflecting a 4% dip YoY – the declining trend recorded in the last two months. The fall in export value has mainly come from volumetric decline as prices of almost all categories have either increased or stayed flat. This has taken a fiscal year to date exports into negative with a 1.4% decline in the first four months (July – October) FY23. Among value-added items, bedwear has witnessed the largest decline of 19% (on an MoM basis), down to $217 million. Knitwear remained on the downward path in October 2022 and declined by 10% to $392 million. Among nonvalue-added items, the cotton yarn has shown the largest decline of 35%. Moreover, a slowdown is expected in textile demand amid burgeoning inflationary pressures in the exporting destinations, especially in the US and European countries.
The ratings are dependent upon the management's ability to capitalize on growth opportunities in a competitive landscape, operate at an optimal level, and sustain margins, going forward. The future prospects of the Company will require significant enhancement in exports and parallel revenue streams to provide comfort to the fundamental source.

**Disclosure**

| | |
|---|---|
| **Name of Rated Entity** | Latif Textile Mills (Pvt.) Limited |
| **Type of Relationship** | Solicited |
| **Purpose of the Rating** | Entity Rating |
| **Applicable Criteria** | Methodology \| Corporate Rating(Jun-22),Methodology \| Correlation Between Long-term & Short-term Rating Scales(Jun-22),Methodology \| Rating Modifiers(Jun-22) |
| **Related Research** | Sector Study \| Composite and Garments(Dec-22) |
| **Rating Analysts** | Sehar Fatima \| sehar.fatima@pacra.com \| +92-42-35869504 |

## Profile

**Legal Structure** Latif Textile Mills (Pvt.) Limited ('Latif Textile' or 'The Company') is a private limited concern.

**Background** Latif Textile was incorporated in 1985 as a private limited company. The Company is manufacturer and exporter of Yarn and Towels, having both Open End and Ring Spinning technologies for yarn and end to end weaving to stitching facilities for towel. Over the years, the Company has expanded its operations and developed expertise across the various processes in the manufacturing chain. The company has also recently stepped into the international market.

**Operations** Latif Textile is primarily engaged in spinning with 20,160 spindles and 3,960 rotors, generating a total capacity of 13.9mln-Kgs per annum. The company has also installed the facility for towel weaving with 72 terry looms, generating a capacity of 1.2mln-Kgs, and 36 stitching machines. Furthermore, Latif Textile has established a weaving unit, bleaching plant, and stitching unit. The total energy requirement of the company clocks in at 5.1MW which can be met completely through captive generation.

## Ownership

**Ownership Structure** Currently, the Company is owned by the families of three brothers, namely Mr. Younus Haji Latif, Mr. Junaid Haji Latif, and Mr. Amanullah Haji Latif (Late).

**Stability** Presently, the Group has formed no holding company and there is no formal succession plan. However, the operations are governed by second generation of the family.

**Business Acumen** The directors and management of the Company possess adequate textile industry knowledge and possess robust experience. The company relies on the philosophy of sustainable growth. Latif Textile is determined to seek continual improvement and upgrade its processes & systems to stay on par with international technology.

**Financial Strength** The sponsors of the Company do not have any major businesses apart from Latif Textile. However, the sponsors hold an 11% shareholding in Gul Ahmed Energy (Rated A- by PACRA) and Mr. Ubaid Amanullah s/o. Mr. Amanullah Haji Latif is the COO of Gul Ahmed Energy. The sponsors of the Company are committed to supporting Latif Textile in times of intricacy.

## Governance

**Board Structure** Latif Textile, being a private limited company, has only two directors on the board - Mr. Owais Amanullah and Mr. Jawad Junaid, who also serves as CEO. Presence of sponsors on board and lack of independent oversight reflects room for improvement in governance framework. Directors have been associated with the board for 10 years each. Considering a two-member board of directors, the Board does not possess a Chairman, independent director or any Committees.

**Members' Profile** Mr. Owais Amanullah (Executive Director) is a Commerce Graduate and has been engaged with the industry for about 20 years. Mr. Jawad Junaid (CEO) is BSc. Honors in Management & Marketing of Textiles from University of Manchester. He graduated in 2004 and since then, he has been actively involved in all areas of business

**Board Effectiveness** The directors are closely engaged with the management of the company. The directors regularly view the MIS Reports including inventory movement reports, purchase details, sales reports etc. However, the Company does not have a system to formally record the BOD Minutes

**Financial Transparency** Kreston Hyder Bhimji & Co. Chartered Accountants are the external auditors of the company. The auditor is listed in Category "A" of the State Bank's panel of auditors. They have expressed an unqualified opinion on the financial statements of the company for the year ended June 30th, 2022. However, the Company has not established an Internal Audit Function.

## Management

**Organizational Structure** The core management of the Company consists of five departments, namely Sales, Purchase, Accounts and Finance, IT and Mills Management. All the department heads are reportable to CEO. Latif Textile does not possess any formal management committees.

**Management Team** Senior management of the Company is qualified, holds vast textile industry experience and has been associated with the group for a considerable amount of time.

**Effectiveness** Latif Textiles does not possess formal management committees. Various reports regarding the company's sales and inventory movement, purchases and procurement are prepared and submitted to higher management.

**MIS** The Company has implemented Visual Basic 6.0 with various operational modules including Accounts, Production, Sales, Purchase, Payroll, Store, Sales Tax and Income Tax.

**Control Environment** Latif Textile is accredited with international certifications for compliance, namely; BCI, CT-PAT, WRAP, BSCI, Sedex and Global Recycle Standard. On an operational level, samples of cotton, yarn and fabric are tested for quality under laboratories of each unit, both before the material is used for production as well as after the order/consignment has gone through production.

## Business Risk

**Industry Dynamics** During 5MFY23, textile exports were valued at $7.44bln compared to $7.76bln, reflecting a 4% dip YoY – the declining trend recorded in the last two months. The fall in export value has mainly come from volumetric decline as prices of almost all categories have either increased or stayed flat. This has taken a fiscal year to date exports into negative with a 1.4% decline in the first four months (July – October) FY23. Among value-added items, bedwear has witnessed the largest decline of 19% (on an MoM basis), down to $217 million. Knitwear remained on the downward path in October 2022 and declined by 10% to $392 million. Among non-value-added items, cotton yarn has shown the largest decline of 35%. Moreover, a slowdown is expected in textile demand amid burgeoning inflationary pressures in the exporting destinations, especially in the US and European countries.

**Relative Position** With 20,160 spindles, 3,960 rotors, 72 terry loom, and 36 stitching machines, the Company is categorized among mid-size players.

**Revenues** During FY22, Latif Textile's topline amounted to PKR 4,093mln (FY21: PKR 2,609mln) growing by 56.8%. The Company's topline predominately comprises yarn sales being 86 % (FY21: 99%). The company earned the remaining revenue from the weaving segment. which has recently been added to the profile. . During FY22 the company earned PKR 580.94 Million Revenue from exports to the United States of America, United Kingdom and Italy.

**Margins** The gross profit margin declined to 15.9% (FY21: 17%) and the operating profit margin decreased to 10.1% (FY21: 11.4%). The Company's finance cost increased to PKR 118mln (FY21: PKR 88mln). Consequently, the net profit margin of Latif Textile decreased to 5.4% (FY21: 6.5%).

**Sustainability** Latif Textile Mills recognizes the importance of sustainable practices both while manufacturing and procuring raw materials. Balancing, Modernization, and Replacement (BMR) is a regular feature as the Company believes in state-of-the-art machinery and processes. Moreover, the Company has established a system where all the waste from the spinning and weaving process is recycled.

## Financial Risk

**Working Capital** The net working capital cycle improved during FY22 to 82 days (FY21: 124 days) driven by a decrease in inventory days (FY22: 38 days; FY21: 87 days). Short-term borrowings were increased by 15.5% to PKR 719mln (FY21: PKR 622mln).

**Coverages** During FY22, interest coverage ratio inched down to 3.6x (FY21: 3.9x) whereas debt coverage ratio increased to 2x (FY21: 1.9x). This decline in coverages is driven by the increase in interest rates during the year. The free cash flows (FCFO) improved to PKR 413mln (FY21: PKR 337mln). Going forward, momentum in performance is expected to continue over the years.

**Capitalization** During FY22, the Company's capital structure remained leveraged at 42.1% (FY21: 39.5%). The Company's leveraging increased due to increase in total borrowings clocking in at PKR 1,061mln (FY21: PKR 900mln). The Company recorded total equity of PKR 1,460mln (FY21: 1,379mln). Going forward, strengthening of equity base by retention of profits remains vital as this enhances risk absorption capacity.

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*Financial Summary*
*PKR mln*

| Latif Textile Mills (Pvt.) Ltd. | | Jun-22 | Jun-21 | Jun-20 | Jun-19 |
|---|---|---|---|---|---|
| Textile - Composite | | 12M | 12M | 12M | 12M |
| **A BALANCE SHEET** | | | | | |
| 1 | Non-Current Assets | 1,982 | 1,767 | 1,251 | 1,072 |
| 2 | Investments | - | - | - | - |
| 3 | Related Party Exposure | - | - | - | - |
| 4 | Current Assets | 1,277 | 1,014 | 1,117 | 723 |
| | *a Inventories* | *410* | *431* | *810* | *441* |
| | *b Trade Receivables* | *788* | *522* | *241* | *207* |
| **5** | **Total Assets** | 3,259 | 2,781 | 2,368 | 1,795 |
| 6 | Current Liabilities | 524 | 305 | 336 | 381 |
| | *a Trade Payables* | *211* | *89* | *138* | *89* |
| 7 | Borrowings | 1,061 | 900 | 1,117 | 493 |
| 8 | Related Party Exposure | - | - | - | - |
| 9 | Non-Current Liabilities | 214 | 198 | 147 | 153 |
| **10** | **Net Assets** | 1,460 | 1,379 | 769 | 768 |
| **11** | **Shareholders' Equity** | 1,460 | 1,379 | 769 | 768 |
| **B INCOME STATEMENT** | | | | | |
| **1** | **Sales** | 4,093 | 2,609 | 2,502 | 3,022 |
| | *a Cost of Good Sold* | *(3,444)* | *(2,166)* | *(2,285)* | *(2,849)* |
| **2** | **Gross Profit** | 649 | 443 | 217 | 173 |
| | *a Operating Expenses* | (234) | (147) | (120) | (136) |
| **3** | **Operating Profit** | 415 | 296 | 97 | 37 |
| | *a Non Operating Income or (Expense)* | *(34)* | *(4)* | *100* | *118* |
| **4** | **Profit or (Loss) before Interest and Tax** | 380 | 293 | 197 | 155 |
| | *a Total Finance Cost* | *(118)* | *(88)* | *(112)* | *(68)* |
| | *b Taxation* | *(42)* | *(36)* | *(45)* | *(30)* |
| **6** | **Net Income Or (Loss)** | 220 | 168 | 39 | 57 |
| **C CASH FLOW STATEMENT** | | | | | |
| | *a Free Cash Flows from Operations (FCFO)* | *413* | *337* | *108* | *96* |
| | *b Net Cash from Operating Activities before Working Capital Changes* | *313* | *238* | *11* | *37* |
| | *c Changes in Working Capital* | *(57)* | *82* | *(321)* | *(60)* |
| **1** | **Net Cash provided by Operating Activities** | 256 | 321 | (310) | (22) |
| **2** | **Net Cash (Used in) or Available From Investing Activities** | (287) | (86) | (275) | (68) |
| **3** | **Net Cash (Used in) or Available From Financing Activities** | (67) | (16) | 177 | 56 |
| **4** | **Net Cash generated or (Used) during the period** | (97) | 219 | (407) | (35) |
| **D RATIO ANALYSIS** | | | | | |
| **1** | **Performance** | | | | |
| | *a Sales Growth (for the period)* | 56.9% | 4.3% | -17.2% | -- |
| | *b Gross Profit Margin* | 15.9% | 17.0% | 8.7% | 5.7% |
| | *c Net Profit Margin* | 5.4% | 6.5% | 1.6% | 1.9% |
| | *d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)* | 8.7% | 16.1% | -8.5% | 1.2% |
| | *e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Shareholders' Equity )]* | 15.5% | 15.7% | 5.1% | 7.4% |
| **2** | **Working Capital Management** | | | | |
| | *a Gross Working Capital (Average Days)* | 96 | 140 | 124 | 59 |
| | *b Net Working Capital (Average Days)* | 82 | 124 | 107 | 48 |
| | *c Current Ratio (Current Assets / Current Liabilities)* | 2.4 | 3.3 | 3.3 | 1.9 |
| **3** | **Coverages** | | | | |
| | *a EBITDA / Finance Cost* | 4.4 | 4.5 | 1.6 | 1.8 |
| | *b FCFO / Finance Cost+CMLTB+Excess STB* | 2.0 | 1.9 | 0.5 | 0.6 |
| | *c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)* | 1.2 | 1.1 | -101.5 | 5.2 |
| **4** | **Capital Structure** | | | | |
| | *a Total Borrowings / (Total Borrowings+Shareholders' Equity)* | 42.1% | 39.5% | 59.2% | 39.1% |
| | *b Interest or Markup Payable (Days)* | 100.6 | 77.3 | 112.1 | 101.2 |
| | *c Entity Average Borrowing Rate* | 11.8% | 8.6% | 13.8% | 13.6% |

# Corporate Rating Criteria

## Scale

### Credit Rating

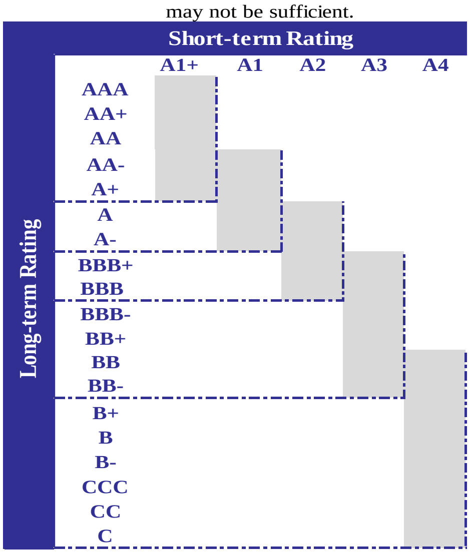
Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

**Long-term Rating**

| Scale | Definition |
|---|---|
| AAA | **Highest credit quality.** Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments |
| AA+<br>AA<br>AA- | **Very high credit quality.** 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. |
| A+<br>A<br>A- | **High credit quality.** 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. |
| BBB+<br>BBB<br>BBB- | **Good credit quality.** 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. |
| BB+<br>BB<br>BB- | **Moderate risk.** 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. |
| B+<br>B<br>B- | **High credit risk.** 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. |
| CCC<br>CC<br>C | **Very high credit risk.** 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. |
| D | Obligations are currently in default. |

**Short-term Rating**

| Scale | 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 |
| 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 surveill 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

## Regulatory and Supplementary Disclosure

(Credit Rating Companies Regulations,2016)

**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**