

HUM Network Limited

CREDIT RATING REPORT | NOV-25



Rating History

Dissemination Date	Long-Term Rating	Short-Term Rating	Outlook	Action	Rating Watch
21-Nov-25	AA-	A1	Stable	Maintain	-
22-Nov-24	AA-	A1	Stable	Upgrade	-
24-Nov-23	A+	A1	Stable	Maintain	-
24-Nov-22	A+	A1	Stable	Maintain	-
29-Nov-21	A+	A1	Stable	Maintain	YES

About the Entity

HUM Network Limited ('HUM' or 'the Company') was incorporated as a publicly listed company in Feb-04. The Company received a license to operate an International Satellite Television from the Pakistan Electronic Media Regulatory Authority (PEMRA) in Oct-04. The Company is listed on PSX. HUM is majorly (~55%) owned by the Sponsors, where Mr. Duraid Qureshi holds ~47.41% and M. Sultana Siddiqui holds ~1.81% stake in the Company. About ~2.7% is held by FIs and mutual funds. ~14.42% stake resides with the general public, while ~8.09% is held by other individuals. Mr. Mazhar ul Haq Siddiqui chairs the Board; while Mr. Duraid is the CEO. He is assisted by an experienced management team.

Rating Rationale

HUM Network Limited ('HUM Network' or 'the Company') is a well-recognised entertainer and news network. The Company is one of the largest broadcasting brands that has generated outstanding content on subjects of interest and relevance to a wide range of audiences while using best professional practices and ensuring long-term continuity. The sponsors, Ms. Sultana Siddiqui and Mr. Duraid Qureshi uphold a strong name as media veterans. Their relevant and substantially strong acumen further adds cushion. Over time, HUM has strategically expanded as a holding company. The Company's broadcasting portfolio boasts an array of satellite channels, including HUM TV, HUM News, HUM Sitaray, and HUM Masala, in addition to international channels. Each channel is a separate business unit. This, along with the previous inclusion of Ten Sports, a renowned sports channel, further diversifies the portfolio and broadens the range of content and offerings. Beyond these stellar satellite channels, HUM places a strong emphasis on diverse business divisions, encompassing Films, Digital Media, and Print Media, to create a range of offerings. This sets the Company apart from the market. The Company maintained a stable business risk profile with ~73% of sales in Asia and ~27% in America. Advertisements remained the major revenue stream of the Company, contributing ~68% of total revenue, followed by Subscriptions at ~29%. These were followed by Digital (~2%), Production (~2%), and Film Distribution (~0.05%). Revenue for the Company recorded a decline of ~4%, primarily due to a cautious spending approach, overall view of the market sentiments. Despite a reduction, margins remained considerably strong. The bottom line gathered support from the investment income, generated from equity securities & mutual funds. On the financial risk front, the Company maintained a stable working capital cycle and a considerably strong borrowing cushion on its balance sheet. Despite a decline, the coverage ratios remain solid at ~52.3%. Following a conservative leveraging approach remains important. HUM Network's strong performance record, ongoing experimentation into diverse media avenues, and the growth of its Digital segment—along with the sponsors' expertise—provide comfort to the ratings. All strategic initiative are expected to drive further growth, going forward. Moreover, strong governance framework and managerial practices benefits the ratings.

Key Rating Drivers

The ratings are dependent on the management's ability to sustain the market position amidst considerable competition. Sustaining the financial risk profile remains vital. A substantially diverse revenue base, emanating from segments independent of each other in terms of risk, remains pivotal to ratings. This requires attention in view of the future strategy and business plan of the Company.

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METHODOLOGY

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- Methodology | Rating Modifiers | Apr-25
- Methodology | Corporate Rating | Jul-25



RELATED RESEARCH

- Sector Study | Media | Feb-25



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HUM Network Limited

RATING ANALYSIS



Profile

Legal Structure	HUM Network Ltd. ('HUM' or 'the Company') was incorporated in Feb-04 as a public limited company. The Company got listed on the PSX in Jun-05
Background	Eye TV Ltd. was established in Feb-04 (renamed HUM Network Limited in Jan-11) after receiving the license to operate as an International Satellite Television from PEMRA. In Jun-05, HUM raised PKR 150mln (i.e. ~30% of the share capital) through an IPO. Over time, HUM has set up HUM TV, HUM News, HUM Sitaray, and HUM Masala in addition to the international channels. Lately, the acquisition of Ten Sports transmission rights through Tower Sports has further diversified the portfolio.
Operations	HUM's principal business includes the launch of transnational satellite channels providing entertainment and news, along with production, advertisement, entertainment, and media marketing. HUM also owns Masala TV Food Mag magazine. HUM's head office is situated in Karachi, while only Hum News, a channel, operates from Islamabad.

Ownership

Ownership Structure	HUM is majorly (~54.6%) owned by the sponsors, where Mr. Duraid Qureshi holds ~47.4% stake in the Company. ~13.5% is held by FIs, while mutual funds hold ~3.6% stake. ~17.9% stake resides with the general public.
Stability	The ownership is expected to remain stable, going forward, as considerable stake resides with Mr. Duraid Qureshi. This along with the strong association of Ms. Sultana Siddiqui with HUM provides comfort.
Business Acumen	The sponsors, Ms. Sultana Siddiqui and Mr. Duraid Qureshi, uphold a strong name as media veterans. Their relevant and substantially strong acumen adds cushion. Ms. Sultana Siddiqui started her career from PTV as a producer in 1974 and established HUM in Feb-04.
Financial Strength	The Sponsoring family holds considerable financial muscles to support HUM, if needs be. As of FY25, the Company has a consolidated equity of ~PKR 11,562mln with an asset base of ~PKR 14,128mln. The Company posted a consolidated revenue of ~ PKR 11,478mln and PAT of ~ PKR 1,235mln during FY25.

Governance

Board Structure	HUM's BoD comprises eight-member, out of which 4 are Non-Executive, 2 are Independent and 2 are Executive Directors on the BoD. The Sponsoring family dominates the BoD through 4 members, comprising 2 Non-Executive and 2 Executive Directors. The composition ensures significant independence and gender diversity, with 3 female Directors, in the BoDs decision making process.
Members' Profile	The BoD is chaired by Mr. Mazhar ul Haq Siddiqui, who is associated with HUM since 2012 and carries diverse experience. Mr. Sohail Ansar, an Independent Director, holds more than 4 decades of diversified experience. All other BoD members carry diversified experience; thus, strengthening the BoDs policy formation process.

Board Effectiveness

The BoD members meet on quarterly basis to resolve concerns and take necessary actions for future growth. The BoD is assisted by two sub-committees, namely (i) Audit Committee (meets on quarterly basis) & (ii) HR and Remuneration Committee (meets on semi-annual basis). Each Committee is chaired by an Independent Director, with adequate documentation of meeting minutes.

Financial Transparency

M/s EY Ford Rhodes are the External Auditors of the Company. The firm is QCR rated and in category 'A' of SBP Panel. The firm has expressed an unqualified opinion on the financial statements of HUM as of FY25.

Management

Organizational Structure

HUM operates through Finance, International Operations, Commercial, Strategy, Creative Division, HR, Sales & Marketing, and Administration department. The Creative Division, which includes each channels' Programming and Network Head, reports to the CEO and the Executive Director (ED); while all other departmental Heads report to the CEO only. The CEO and the ED reports to the BoD. While, the Head of Internal Audit & HR functionally reports to the respective BoD committee, and administratively to the CEO.

Management Team

The CEO, Mr. Duraid Qureshi, is a business graduate from LUMS and has been with the Company since inception. Ms. Sultana Siddiqui started her career as a producer for PTV, Karachi Studios in 1974 and founded HUM in 2005. The management team of the Company comprises well-qualified and seasoned professionals in the media industry. Most of the senior management team at HUM has extensive experience working at senior positions with the state-owned Pakistan Television Corporation (PTV).

Effectiveness

The management is facilitated by a formal committee that meets daily to facilitate the decision making process. The committee, comprising all departmental Heads, is chaired by the CEO. Minutes of these discussions are adequate documented.

MIS

HUM has deployed technologically enhanced version of supply chain modules, encompassing purchase, inventory, receivable, and payment, from Oracle. Moreover, ERP modules covering HR and payroll are deployed at the head office in Karachi, along with Islamabad.

Control Environment

HUM has outsourced its internal audit function to M/s KPMG Taseer Hadi & Co. The finding reports are functionally discussed with and reported to the BoD's Audit Committee.

Business Risk

Industry Dynamics

The media sector is split between TV and Media Buying. The TV segment saw declining profit margins due to lower revenues and higher finance costs. While expected lower interest rates may support net margins, advertising revenue growth will likely be range-bound due to the increasing adoption of social media and streaming. In contrast, the Media Buying segment improved its profit margins, operating by securing bulk discounts and service fees. The overall media sector ad revenue reached PKR 114.6bln in FY24 (up 14.4% YoY). Television remains the largest segment, capturing PKR 50.1bln (~43.7% share), but the Digital segment is rapidly growing, reaching PKR 35.8bln (~31.2% share). This fast shift from traditional TV/Print to digital media (e.g., ~71.7mln YouTube users) poses a risk to TV channels and intermediary agents. Digital media, however, also faces challenges related to viewer privacy and regulation.

Relative Position

HUM is a prominent leader in the entertainment industry and is one of the largest broadcasting brands catering to a wide range. HUM holds a market share of ~10.6%.

Revenues

HUM generates ~73% of the revenue from Asia, and ~27% of the revenue from the American region. Advertisements remain the top revenue-generating segment contributing ~67% to the overall revenue, followed by subscription (~28%), production (~3%), digital (~2%), and film & distribution (~1%). The total revenue for HUM during FY25 was PKR 8,012 mln, which, in comparison to FY24 [PKR 8,307 mln], showcased a slight ~4% decline. This drop was reported across all its revenue streams with the exception of Digital Revenue, which exhibited a ~10% increase, reporting PKR 141 mln during FY25 from PKR 128 mln in FY24. The decline in revenue is mainly attributed to cautious advertiser spending, higher costs, and intense competition. Consolidated revenue generated by HUM across all regions was PKR 11,474 mln during FY25.

Margins

Gross profit margin for Hum declined in FY25, standing at ~46.2% from ~50.3% in FY24, as gross profits decline by ~12% [FY25: PKR 3,699mln, FY24: PKR 4,182mln] due to lower revenues. Operating profit margins for the Company during FY25 were ~23% from ~36% in FY24, due to operating expense that increased to ~PKR 1,898mln from ~PKR 1,237mln. Net profit margins for the Company decreased to ~26% from ~35% in FY24.

Sustainability

HUM aims for digital transformation, expansion of content offerings, and exploring new business opportunities to enhance the financial performance and position. All strategic initiative, if executed timely and successful, are expected to drive further growth, going forward. The Company aims to diversify its revenue stream. For this, the Company had previously acquired broadcasting rights of Ten Sports and Sphere Ventures, to make a mark in broadcasting kids content.

Financial Risk

Working capital

HUM maintains a healthy working capital cycle with stable net working capital days (FY25: ~126 days, FY24: ~115 days). HUM holds minimal inventory with marginally low inventory held days (FY25: ~5 days, FY24: ~5days). The trade receivables and payables have comparatively inflated - value wise; while, days calculation remains streamlined (trade receivable | FY25: ~120 days, FY24: ~127 days, trade payable | FY25: ~19 days, FY24: ~16 days). Borrowing cushion remains considerably strong. Going forward, working capital management is streamline further.

Coverages

HUM's interest cover remains substantially strong (FY25: ~52.3x, FY24: 86.3x), mainly due to ~40% decline in the FCFO (FY25: ~PKR 1.6bln, FY24: ~PKR 2.7bln), which grew primarily due to reduced profitability. Moreover, minimal level of finance cost due to negligible borrowing adds strength. HUM's core and total coverage also remains strong (FY25: ~21x, FY24: ~30x). As policy rates have reduced, HUM's coverages are expected to remain strong, provided borrowings remain low.

Capitalization

HUM holds a leverage ratio of ~1.3% as of FY25 (FY24: ~2.1%), due to a strong equity base (FY25: ~PKR 11.9bln, FY24: ~9.8bln), which mainly gathers support from profit retention (FY25: ~PKR 10.8bln, FY24: ~PKR 8.7bln). Moreover, total borrowings remain minimal (FY25: ~PKR 162mln, FY24: ~PKR 209mln). Overall capital structure is expected to remain stable, going forward.

HUM Network Limited

(PKR mln)

FINANCIAL SUMMARY



	Jun-25 12M	Jun-24 12M	Jun-23 12M
A. BALANCE SHEET			
1. Non-Current Assets	2,891	2,368	1,964
2. Investments	1,375	1,062	589
3. Related Party Exposure	5,298	3,133	1,999
4. Current Assets	3,819	4,432	3,707
a. Inventories	117	106	103
b. Trade Receivables	2,159	3,100	2,688
5. Total Assets	13,383	10,997	8,259
6. Current Liabilities	1,261	942	848
a. Trade Payables	472	379	363
7. Borrowings	162	209	161
8. Related Party Exposure	0	0	0
9. Non-Current Liabilities	0	0	0
10. Net Assets	11,959	9,846	7,249
11. Shareholders' Equity	11,959	9,856	7,246
B. INCOME STATEMENT			
1. Sales	8,013	8,308	6,826
a. Cost of Good Sold	(4,313)	(4,125)	(3,667)
2. Gross Profit	3,699	4,182	3,159
a. Operating Expenses	(1,898)	(1,237)	(985)
3. Operating Profit	1,802	2,945	2,173
a. Non Operating Income or (Expense)	433	296	622
4. Profit or (Loss) before Interest and Tax	2,235	3,241	2,795
a. Total Finance Cost	(34)	(36)	(46)
b. Taxation	(98)	(316)	(291)
6. Net Income Or (Loss)	2,103	2,889	2,459
C. CASH FLOW STATEMENT			
a. Free Cash Flows from Operations (FCFO)	1,683	2,784	2,221
b. Net Cash from Operating Activities before Working Capital Changes	1,679	2,764	2,191
c. Changes in Working Capital	(1,563)	(1,730)	(2,168)
1. Net Cash provided by Operating Activities	116	1,034	23
2. Net Cash (Used in) or Available From Investing Activities	(313)	(359)	158
3. Net Cash (Used in) or Available From Financing Activities	(75)	(96)	(304)
4. Net Cash generated or (Used) during the period	(272)	579	(124)
D. RATIO ANALYSIS			
1. Performance			
a. Sales Growth (for the period)	-3.5%	21.7%	13.4%
b. Gross Profit Margin	46.2%	50.3%	46.3%
c. Net Profit Margin	26.2%	34.8%	36.0%
d. Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	1.5%	12.7%	0.8%
e. Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/Shareholders' Equity)]	19.3%	33.8%	39.8%
2. Working Capital Management			
a. Gross Working Capital (Average Days)	125	132	137
b. Net Working Capital (Average Days)	105	115	105
c. Current Ratio (Current Assets / Current Liabilities)	3.0	4.7	4.4
3. Coverages			
a. EBITDA / Finance Cost	65.2	101.8	54.4
b. FCFO / Finance Cost+CMLTB+Excess STB	21.1	30.5	18.4
c. Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	0.1	0.1	0.1
4. Capital Structure			
a. Total Borrowings / (Total Borrowings+Shareholders' Equity)	1.3%	2.1%	2.2%
b. Interest or Markup Payable (Days)	0.0	1.2	1.8
c. Entity Average Borrowing Rate	17.8%	12.6%	10.5%

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
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA 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+ A 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+ BBB 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+ BB 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+ B 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 CC 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.

Scale	Short-Term Rating
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.

Rating Modifiers | Rating Actions

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.
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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. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):

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

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HUM Network Limited

REGULATORY DISCLOSURE



1. Rating Team Statements

I. **Rating** is just an opinion about the creditworthiness of the entity and does not constitute a 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))**

II. 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)]**
- iv. Explanation: for the purpose of the above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee.

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- i. 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))**
- ii. PACRA uses due care in the 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 verify or validate information received in the rating process or in preparing this Rating Report. **(Clause 11-A-(p))**
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- iv. PACRA ensures before the 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))**
- v. PACRA maintains the principle of integrity in seeking rating business. **(Chapter III; 11-A-(u))**
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- i. 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 ii) fee mandate - signed with the payer, which can be different from the entity.
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- ii. PACRA reviews all the outstanding ratings periodically on an annual basis. Provided that public dissemination of annual review and in an instance of change in rating will be made. **(Chapter III; 17-(b))**
- iii. PACRA initiates an 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; 17-(c))**
- iv. 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; 17-(d))**

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- i. 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, the actual transition of rating may not follow the pattern observed in the past. **(Chapter III; 14-3(f)(vii))**

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