



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Ref.Mand-16-00
30-Sep-15

MANDATE: ENTITY RATING
ENTITY: ABC LIMITED (GPPL)
ADDRESS:

RATING SERVICES

- (1) The rating process begins with the signing of this mandate letter, a contractual agreement between the entity to be rated that is ABCL (Pvt) Limited (**ABCL**) and The Pakistan Credit Rating Agency Limited (**PACRA**) to undertake a credit rating assignment. The rating mandate is binding in nature on both parties for all the terms and conditions contained therein
- (2) Entity rating reflects PACRA's opinion about the capacity of **ABCL** to honor its financial obligations. Such opinions are based on the evaluation of information received from **ABCL** and/or other sources of information, which, in our opinion, are considered relevant and reliable. The rating process is guided by our specific rating methodology. PACRA's final assessment is notified in the form of a rating notification as per our standard rating scale. PACRA also develops and issues a rating report, explaining important factors leading to our opinion

FURNISHING OF INFORMATION

- (3) Formation of a fair rating opinion requires information to be provided by the entity. **ABCL** undertakes to provide true, accurate, complete, and updated information to enable PACRA to arrive at and maintain a fair and true rating of the entity
- (4) PACRA may call and obtain, any time during the validity period of the agreement or during the tenure of the instrument, all such information as deem necessary by it for conducting effective and timely review of the rating assigned
- (5) **ABCL** shall extend full co-operation and assistance to our representatives in procurement and compilation of the information required for rating. **ABCL** shall arrange meetings, if necessary, of our analysts with its senior management for briefing on key factors as mentioned above. Alternatively, we may request **ABCL** to arrange a presentation on these matters at our offices
- (6) **ABCL** would regularly furnish financial statements and details of operating performance (on quarterly basis) and to keep PACRA generally informed about any development which could affect the rating
- (7) **ABCL** would inform PACRA within a week of any events which may have significant effect on its operations. These would include, but not be limited to: (i) acquisition of or merger with another entity, (ii) changes in top management, (iii) acquisition of any additional debt which may have a material impact on gearing, (iv) any exceptional business gain or loss, and (v) significant impact of changes or revision in government policies
- (8) **ABCL** covenants that all information sent to us for use in analysis for entity rating is true and correct in every respect
- (9) **ABCL** undertakes to nominate a representative (by name and designation) to act as a coordinator for the rating process at all times. It would keep PACRA updated of any change in liaison person on timely basis. The time taken by **ABCL** in furnishing the requisite information and documents may impact the completion time of the rating assignment



CONFIDENTIALITY

- (10) PACRA undertakes that all information, which **ABCL** does not desire to publicize, will be kept confidential and will be used only in the rating process and internal analysis. PACRA would forward the rating report to **ABCL** to ensure that no confidential information is contained therein/ or for comment in factual content before publication. We expect to receive the feedback within five working days
- (11) In case any confidential information is requested by the Regulators or any parties with an independent legal right to receive such information, PACRA makes such disclosure without liability. PACRA keeps the right to disclose the name of **ABCL** as its client even if the rating remains private

INITIAL RATING

- (12) In the absence of any unforeseen circumstances, PACRA expects to complete the rating process within 30 days from the receipt of full information from **ABCL**
- (13) Once an initial rating is notified (along with the rating report), the entity's management has the prerogative to make this rating public or keep it private. PACRA expects a decision within five working days. In case, the entity decides to go for public dissemination, PACRA does so through its website, circulation to newspapers, and other media. The dissemination provides all the benefits of a publicly available independent rating opinion to the entity. In case the rating is not made public, any selective disclosure would not be allowed

SURVEILLANCE

- (14) **ABCL** consents and authorizes PACRA to conduct review of the rating any time during the validity period of the agreement or during the tenure of the instrument
- (15) Once initial rating is concluded, the surveillance period starts immediately. Under surveillance, PACRA shall monitor the assigned rating on a continuous basis, wherein usually it is done on quarterly basis and in exceptional circumstances it may be done with higher frequency. PACRA would perform at least one formal update during each 12-month period starting from initial notification. It shall be followed by a rating notification even if it remains unchanged. The annual update/surveillance process benefits from the established relationship developed in delivering the initial rating. It broadly follows the parameters established for initial rating assignment
- (16) During surveillance of a publicly disseminated rating, PACRA is duty bound to inform the public of any change in the rating opinion. PACRA shall normally advise **ABCL** of any proposed rating action but also reserves the right to take such action without prior notice if so warranted by circumstances

VALIDITY PERIOD OF THE MANDATE

- (17) The validity of this rating mandate shall be in perpetuity until **ABCL** decides to terminate the rating relationship after giving at least one-month advance notice. In case of a private rating, such notice period is not required.



TENOR OF RATING

- (18) During the currency of the rating mandate, PACRA's rating shall remain valid unless modified or withdrawn at PACRA's sole discretion and through a formal notification
- (19) If **ABCL** does not cooperate with PACRA to enable it to comply with its obligations, PACRA shall suspend the rating/withdraw from the engagement. In case of publicly disseminated rating, PACRA shall promptly notify this fact to the public

RATING SHOPPING

- (20) **ABCL** represents that it has not prematurely terminated a rating contract with its existing CRA (in case the entity is already rated by other CRA). In case there is such termination, **ABCL** will provide No Objection Certificate (NOC) to PACRA from its existing CRA or commits in writing that it shall continue credit rating with its existing CRA till the period as agreed in the rating agreement
- (21) PACRA cannot accept the rating assignment in case clause (20) is not fulfilled
- (22) In case **ABCL** switches over to any other CRA during validity of this mandate, it shall continue rating with PACRA as well unless it obtains NOC from PACRA

GENERAL TERMS

- (23) In case **ABCL** has disagreement with any of PACRA rating opinion it has the option to appeal for review of rating opinion. Any disagreement with rating opinion does not restrict PACRA's right to disseminate its updated opinion on public rating
- (24) PACRA's rating and related analyses are statements of opinion about the relative standing of the company and its affairs as of the date they are expressed. These are not recommendations to buy or subscribe/unsubscribe any services. The rating is based on information that has been obtained from the client and 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
- (25) Without prejudice to the general exclusion of liability set forth in this letter agreement, if it is held that PACRA is liable to compensate **ABCL** for negligence or breach of the terms hereof, the maximum liability of PACRA in this regard shall be restricted to the fees received by PACRA pursuant to this mandate
- (26) This letter agreement will become effective once a copy thereof is signed on behalf of **ABCL** and returned to us. This letter agreement along with the fee structure may not be amended save through a written instrument signed by both parties
- (27) Pakistani law shall govern this letter/agreement and the relevant courts shall have its jurisdiction

In case the terms and conditions outlined above are acceptable, please return a copy of the letter duly signed by an authorized officer of **ABCL**

THE PAKISTAN CREDIT RATING AGENCY LIMITED

ABCL (PVT) LIMITED

Signed: _____
 Name: _____
 Designation: _____
 Date: _____

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 Date: _____