



UNSOLICITED RATINGS

Special Report

Credit ratings are rapidly gaining acceptance in the local market as an important benchmark of creditworthiness. The financial sector in particular has responded, by selectively incorporating credit ratings as a part of their investment process. Over the last few years, rating coverage has extended across various sectors of the economy, and several prominent business groups have been rated. The regulatory framework has further enhanced the role of ratings by mandating ratings in key areas and by incorporating ratings into various regulatory guidelines issued from time to time.

We believe that through its credit ratings, JCR-VIS Credit Rating Company Limited has provided useful benchmarks to market participants. As the market increases its dependence on

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solicited by the institution's management. We believe that the introduction of unsolicited or 'p' ratings, will contribute meaningfully to wards informed decision-making for all potential and existing investors. This document aims at elaborating JCR-VIS' criteria for unsolicited ratings and explaining the role of such ratings as an effort to wards fostering transparency and adding value to the financial system.

An unsolicited rating is assigned to entities, where the management has not requested a rating, however, agrees to provide in for material support. An unsolicited rating is shown with a 'p' subscript and is publicly disclosed. It is not modified by a plus (+) or a minus (-) sign which indicates relative standing within a rating category. Outlook is not assigned to these ratings.

Similar to solicited credit ratings, 'p' ratings also indicate the likelihood of timely servicing of financial obligations. However, since 'p' ratings are based primarily on publicly available information, they are intended to be broader indicators of credit quality

in comparison with solicited ratings. Consequently, despite a largely similar analytical approach, unsolicited ratings do not seek confidential information.

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However, JCR-VIS may hold meetings with the management to discuss pertinent issues, as deciphered from the company's annual accounts and other published material. It is to be noted that the limited purview of 'p' ratings does not exclude the analysis of any of the risk factors considered in a solicited rating. Both, operational risks as well as external factors are given due consideration. The sole distinction between the two approaches is the breadth of informational sources utilized.

The analysis for 'p' ratings will include a qualitative as well as a quantitative review. Qualitative analysis entails an appreciation of an institution's market power, entity size and product recognition. The management's approach towards future growth and the feasibility of its business plan are taken into account. The anticipated performance of the sector in which an entity operates, regulations governing the sector, and economic trends that affect the financial viability of an institution are considered while arriving at a rating. Additionally, qualitative factors include the impact of government ownership or group support, which is usually among the more significant variables driving the ratings.

Since comprehensive analysis is as relevant to unsolicited ratings

as it is to conventional ratings, JCR-VIS will not assign a 'p' rating, where public disclosures are not reasonably comprehensive or where we can not access enough information to reach a useful conclusion. JCR-VIS will offer to carry out unsolicited ratings if it believes that a rating assigned to a particular organization will add significantly to available market

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'p' ratings is improving access to information, public disclosure of the same is considered necessary. Before the public announcement of the ratings, the concerned entity's management is informed of the rating assessed. Our unsolicited ratings show our strong commitment to continue to play a pivotal role in providing unbiased third party opinion for the benefit of all market players.

JCR-VIS charges no fee for assigning a 'p' rating. Once the 'p' rating process has been initiated, no fee will be charged till the conclusion of the process and the announcement of the rating. Subsequent to the public announcement, 'p' ratings may be converted to conventional credit ratings, if so desired by the rated entity. Contractual arrangements and informational requirements would then be similar to those applicable to solicited credit ratings.



Fa heem Ah mad
Presi dent & CEO, JCR-VIS
Foun der, VIS Group

Fa heem Ah mad has di verse ex pe ri ence with in ter na tional con sult ing agen cies in USA & Mid dle East. He has also held sen ior po si tions with lo cal in dus trial and fi nan cial groups. In 1994, he es tab lished Vi tal In for ma tion Serv ices (Pvt.) Lim ited, which is a lead ing capi tal mar ket re search house. VIS has the larg est data bank of cor po rate Paki stan. His ma jor re search work in cludes copy righted F&J fi nan cial strength rank ings, Musharaka Vari able In come Se cu ri ties and stock mar ket in di ces. VIS group in cludes JCR-VIS Credit Rat ing Com pany Lim ited and News- VIS Credit In for ma tion Serv ices (Pvt.) Lim ited, the first pri vate credit bu reau of Paki stan. The ma jor ity of share hold ers in group com pa nies in clude the larg est pub li ca tion house in Paki stan and ma jor fi nan cial in sti tu tions.

He ob tained his B.S in Civil En gi neer ing from NED Uni ver sity of En gi neer ing and Tech nol ogy, Ka ra chi. He also has Mas ters de grees in En gi neer ing and Busi ness Ad min is tra tion from USA. His re search work has been pub lished in vari ous in ter na tional jour nals.



Ja mal Ab bas Zaidi
Ex ecut ive Vice Presi dent

Ja mal Ab bas Zaidi has more than three dec ades of rich ex pe ri ence in fi nance and gen eral man age ment, at lo cal and in ter na tional level. Prior to join ing JCR-VIS, he was CEO of a leas ing mo da raba and SEVP of the then larg est leas ing com pany hav ing IFC and ADB eq uity. In ter na tion ally, he worked for World Bank at a multi- mil lion dol lar proj ect in Ni ge ria. Mr. Zaidi has held key po si tions in the in dus trial and fi nan cial sec tor and has con trib uted many pa pers in in ter na tional and lo cal con fer ences and work shops. He is a mem ber of rat ing com mit tee of JCR-VIS. He is also Vice Chair man of Is lam ic In ter na tional Rat ing Agency, Bah rain.

He is a fel low mem ber of the In sti tute of Cost and Man age ment Ac count ants of



Sa heen Saleem
Sen ior Fi nan cial Ana lyst

Ms. Sa heen Saleem cur rently leads com mer cial bank rat ings at JCR-VIS Credit rat ing Com pany Lim ited. She is also ac tively in volved in rat ings of the Leas ing and the DFI sec tor. Prior to join ing JCR-VIS, she worked on sev eral proj ects with lo cal fi nan cial con sult ants.

She holds a Mas ters de gree in Busi ness Ad min is tra tion, gradu at ing from the In sti tute of Busi ness Ad min is tra tion, Ka ra chi in 1997.

JCR-VIS Credit Rating Company Limited

Affiliate of Japan Credit Rating Agency, Ltd.
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