

## Press Release

### JCR-VIS Reaffirms Entity Ratings of Sindh Leasing Company Limited

**Karachi, June 20, 2017:** JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the entity ratings of Sindh Leasing Company Limited (SLCL) at 'A+/A-1' (Single A Plus/A-One). Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on June 27, 2016.

The assigned ratings reflect demonstrated financial support of SLCL's sponsor, Government of Sindh (GoS). GoS injected equity to the tune of Rs. 1b in 1HFY17 resulting in increase in net equity of SLCL to Rs. 2.1b at end-March'2017. Gearing ratio stood at 0.24x at end-Dec'2016 and is expected to remain at manageable levels over the rating horizon at around 1(x).

During the period under review, net financing portfolio exhibited growth, primarily emanating from lease disbursement. Although portfolio infection has been contained at negligible levels, the company is exposed to credit risk given sizeable counterparty and sectoral concentration. Moreover, portfolio also includes exposure to clients with weak risk profiles. Management expects concentration levels to reduce overtime with increase in financing portfolio. Quality of fresh underwriting on asset quality indicators will continue to be tracked by JCR-VIS.

Liquidity profile of the institution derives support from sizeable liquid asset carried on the balance sheet. Excess liquidity is expected to be absorbed as the company forges ahead with its growth plans. Availability of funding lines will facilitate in planned expansion of lease portfolio. Moreover, SLCL envisages issuance of Certificate of Investments (CoIs) to further raise funds as and when required. During 2016, the company has made required alterations in Board and management to comply with regulatory stipulations.

For further information on this rating announcement, please contact undersigned (Ext: 501) at 35311861-70 or fax to 35311872-3.



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**Applicable Rating Criteria: Non-Bank Financial Companies**

<http://jcrvis.com.pk/Images/NBFC.pdf>

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