

Press Release

JCR-VIS Upgrades Entity Ratings of Sindh Leasing Company Limited

Karachi, June 27, 2016: JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the entity ratings of Sindh Leasing Company Limited (SLCL) from 'A/A-2' (Single A/A-Two) to 'A+/A-1' (Single A Plus/A-One). Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on April 28, 2015.

The ratings of SLCL derive strength from its ownership by Government of Sindh (GoS) and strong financial support exhibited by them through a recently announced plan for equity injection of Rs. 1b in 2016 which will increase total equity in excess of Rs. 2b. The company also has placement of funds amounting to Rs. 250m from GoS. With ease of access to capital, SLCL was able to grow its portfolio substantially in 2015. The company's current portfolio reflects prudent lending with no delinquency to date. However, as the lending activities grow and portfolio seasons, underwriting quality will be tested over time. The lease portfolio features client-wise concentration which would need to be addressed, going forward.

Liquidity profile of the company is considered sound given sizeable amount of liquid assets on its books. Subsequent to the absorption of equity funds in the financing portfolio, the company plans to leverage its equity up to two times by 2018 through borrowings and Certificates of Investments.

The appointment of a seasoned professional as Chief Executive Officer along with certain management positions augers well for the company.

For further information on this rating announcement, please contact Javed Callea (Ext: 501) or the undersigned (Ext: 508) 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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