

# Press Release

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## JCR-VIS Assigns Initial Entity Ratings to Sindh Modaraba

Karachi, January 16, 2017: JCR-VIS Credit Rating Company Limited has assigned initial entity ratings of 'A+/A-1' (Single A Plus/A-One) to Sindh Modaraba (SM). Outlook on the assigned rating is 'Stable'.

The ownership and support of the Government of Sindh (GoS) is the primary rating driver in the assigned rating. GoS support was exhibited by the recent provision of interest free loan amounting to Rs. 500m to the Modaraba through the Modaraba Management Company, which is wholly owned by the GoS. With ease of access to capital, SM was able to grow its portfolio substantially in FY16. 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 portfolio features client-wise concentration which would need to be addressed, going forward.

Despite growth in the lending activities, no need for borrowings has arisen as yet; however, with future growth plans in place, a need to obtain funding from bank borrowings or from other sources could arise. The institution carries sizeable amount of liquid assets in relation to total liabilities. Going forward, ratings of the company would be underpinned given moderate level of leverage, good quality of credit portfolio, development of strong credit risk assessment and internal control systems. Overall governance infrastructure is considered sound with presence of seasoned professionals on board.

For further information on this rating announcement, please contact Javed Callea (Ext: 201) or the undersigned (Ext: 207) at 35311861-70 or fax to 35311872-3.

Jamal Abbas Zaidi  
Advisor

Applicable Rating Criteria: Non-Bank Financial Companies  
<http://jcrvis.com.pk/Images/NBFC.pdf>

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