

Press Release

JCR-VIS Reaffirms Entity Ratings of Sindh Modaraba

Karachi, December 29, 2017: JCR-VIS Credit Rating Company Limited has reaffirmed the entity ratings of Sindh Modaraba (SM) at 'A+/A-1' (Single A Plus/A-One). Outlook on the assigned ratings is 'Stable'. Previous rating action was announced on January 16, 2017.

The assigned ratings reflect sound profile of the sponsor, Government of Sindh (GoS), which owns approximately 94.4% of SM's certificates through Sindh Modaraba Management Limited (SMML). The sponsor has depicted both technical and financial support in the past in the form of equity injection in SMML, which in turn provided interest free loan to SM. JCR-VIS expects sponsor support to continue in future.

Ratings also incorporate sizeable growth exhibited in the financing portfolio during the period under review. Absence of non-performing loans (NPLs) on the books of the Modaraba indicates implementation of prudent underwriting practices. However, in view of the growth strategy pursued by the management, prevalence of sound underwriting practices is considered important from a ratings perspective. Diversification was witnessed in terms of sector-wise lending during the outgoing year. Management may focus on reducing client-wise concentration as portfolio growth progresses.

Liquidity profile is supported by the presence of sizeable liquid assets in relation to total liabilities. Currently, the Modaraba has sufficient funds provided from the sponsor as outlined above. This has kept leverage indicators to minimal levels. Going forward, management may ensure that the same remain at manageable levels while pursuing growth targets.

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.

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Applicable Rating Criteria: Non-Bank Financial Companies (October 2017)
<http://jcrvis.com.pk/docs/NBFCs%20201710.pdf>

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