

Press Release

Date: 14-Dec-22

PACRA MAINTAINS BROKER FIDUCIARY RATING OF JS GLOBAL CAPITAL LIMITED

Rating Details	Rating Type	BFR	
	Dissemination Date	Current (14-Dec-22)	Previous (27-Apr-22)
	Action	Maintain	Initial
	Rating	BFR 1	BFR 1
	Outlook	Stable	Stable
	Rating Watch	-	-

Rating Rationale	Factor	Comment
	Ownership	The assigned rating incorporates the Company's association with one of the prominent conglomerates in the country 'JS Group'.
	Governance	Being a listed entity, the governance framework is robust, backed by the presence of independent and non-executive directors.
	Management and Client Services	JSGCL has a well-defined organizational structure headed by seasoned professionals. Well drafted policies are in place to ensure high quality of client services.
	Internal Controls and Regulatory Compliance	JSGCL has a strong control environment supported by internal audit at group level reporting directly to the audit committee.
	Business Sustainability	The recent volatility in trading volumes have heightened the exposure to business risk. Going forward, JSGCL plans to further solidify its business model with enhancement in market share and diversity
	Financial Sustainability	JSGCL does not engage in Proprietary-Book, thus minimizing market risk. Capitalization indicators are strong with a low leveraged capital structure.

Key Rating Drivers	Key Rating Drivers
	The rating reflects the overall strength of the Company in the brokerage space. The rating signifies a strong internal control framework whereby the internal audit is performed at the group level while a separate compliance department and a dedicated risk manager also provide support. JS Global Capital Limited (JSGCL) provides its clients with online trading, a mobile app, complaint management, dedicated research, and a real-time reporting mechanism. The rating takes comfort from the strong ownership and governance framework emanating from its association with the JS Group. However, the independence of the risk management function may be considered to enhance regulatory compliance. In tandem with the decline in market volumes, the revenue from equity brokerage declined; however, the dividend and margin financing income provided support to the bottom line. The rating derives comfort from JSGCL's policy to not partake in Proprietary-Book; limiting the market risk. Going forward, sustainability and improvement in core revenue and profitability remain critical. Meanwhile, upholding strong internal controls, retention of key management, and diligent risk monitoring is important. Listed in 2005, JSGCL is part of one of the most prominent groups in the financial industry. JSGCL primarily provides the services of Equity Brokerage, Corporate Finance, and Research while Margin Financing is also available.

About the Entity	Legal Structure	Listed
	Year of Establishment	28-Jun-00
	Type of License	Trading and Self-clearing
	Majority Ownership	JS Bank Limited

Regulatory Disclosures	Analyst	Applicable Criteria	Related Research
	Afnan Iqbal afnan.iqbal@pacra.com +92-42-35869504 www.pacra.com	Methodology Broker Fiduciary Rating Jan-22	Sector Study Brokerage & Securities Jan-22

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