

Date

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Analyst

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Applicable Criteria

- Assessment Framework | Broker Management Rating | Jun-22

Related Research

- Sector Study | Brokerage & Securities | Jan-22

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PACRA Maintains Broker Management Rating of JS Global Capital Limited

Rating Type	Broker Management	
	Current (14-Dec-22)	Previous (14-Dec-21)
Action	Maintain	Maintain
Long Term	BMR1	BMR1
Short Term	-	-
Outlook	Stable	Stable
Rating Watch	-	-

JS Global Capital Limited (“JSGCL” or the “Company”) carrying the legacy of equity brokerage business holds one of the leading positions in the brokerage industry. JSGCL has established a sound system of internal controls to ensure compliance with the regulations and effective operations. The internal audit is performed by the parent Company on a regular basis and reports directly to the audit committee, enhancing the effectiveness of the internal audit function. Comprehensive guidelines and policies have been developed and implemented across the Company and products. JSGCL provides its clients with access to online trading, mobile-app, dedicated traders, and customer services. The IT department ensures backup of the critical data in accordance with the IT policies and the ability of the Company to function effectively in case of disaster. JSGCL has an established branch network across the country to cater to the needs of different investors. JSGCL has a well-experienced management team, a sound governance framework, and well-established compliance protocols which bodes well for the rating. In tandem with the decline in market volumes, JSGCL’s business performance also took a hit. The revenue from equity brokerage declined by ~58% during the 9MCY22 to stand at ~PKR 306mln (9MCY21: ~PKR 734mln). Alternate revenue streams including interest income however meant that the bottom line for the company stood at PKR26mn. Going forward, JSGCL plans to further solidify its business model with enhancement in market share and diversity in revenue streams augmented by an influx in corporate finance/advisory services. The assigned rating takes into account the Company’s association with one of the largest business groups ‘The JS Group’. JSGCL does not engage in proprietary trading which reduces exposure to market risk providing comfort to the rating. Going forward, upholding strong internal controls and diligent monitoring of risks is important. The rating is dependent on the management’s ability to sustain and strengthen the revenue base by augmenting consultancy and advisory services. Retaining market share and sustaining profitability from core operations remain critical.

About the Entity

JSGCL was incorporated as a private limited company in the year 2000 and commenced operations in 2003. Subsequently, the Company was converted into a public unquoted company and the Company obtained a listing on the Pakistan Stock Exchange in 2005. JSGCL provides the services of Equity & Commodity Brokerage, Money Market, Corporate Finance, and Research. JS Bank Limited (JSBL) is the major shareholder of JSGCL with an ownership stake of ~93%. The remaining shares are vested with the general public and other market participants. JSBL is the subsidiary of Jahangir Siddiqui & Company Limited (JSCL). JSCL and its subsidiary companies are involved in trading securities, maintaining strategic investments, investment advisory, brokerage, asset management, agency telecommunication, commercial banking, power generation, and other businesses. The Company’s Board of Directors (BoD) comprises eight members, which include two independent directors, four non-executive directors, and two executive directors. The board is currently chaired by Mr. Shahab Anwar Khawaja, an independent director.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA’s comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security’s market price or suitability for a particular investor.