

Date

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Analyst

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Applicable Criteria

- Assessment Framework | Broker Management Rating | Nov-23

Related Research

- Sector Study | Brokerage & Securities | Jan-23

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PACRA Maintains Broker Management Rating of JS Global Capital Limited

Rating Type	Broker Management	
	Current (14-Dec-23)	Previous (14-Dec-22)
Action	Maintain	Maintain
Long Term	BMR1	BMR1
Short Term	-	-
Outlook	Stable	Stable
Rating Watch	-	-

JS Global Capital Limited (“JSGCL” or “the Company”) has a leading position in the equity brokerage space. The Company provides brokerage services whereas MFS, MTS, and corporate finance aids the topline. The assigned rating incorporates the business acumen of the primary sponsor “JS Bank Limited”. The rating takes note of JSGCL’s strong multitier organizational structure, with most department heads reporting directly to the CEO. JSGCL has a well-experienced management team, a sound governance framework, and well-established compliance protocols which bodes well for the rating. JSGCL has implemented robust internal controls to ensure regulatory compliance and efficient operations. The internal audit is performed by the parent Company regularly 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. The Company has devised a comprehensive Disaster Recovery and business continuity plan to tackle any uncertain events. The Company provides prudent services to its clients in the form of complaint management, access to technical and fundamental reports, and a dynamic reporting mechanism which is a strengthening factor. During 9MCY23, JSGCL witnessed a notable increase in revenue of ~51% due to effective marketing strategies attracting new clientele. The Company earned ~ PKR 476mln in revenue during 9MCY23(SPLY: ~PKR 314mln). JSGCL reported a net profit of ~ PKR 88mln during 9MCY23 (SPLY: ~PKR 26mln). JSGCL does not engage in proprietary trading which reduces exposure to market risk providing comfort to the rating. The Company has a strong capitalization level with the Company’s equity standing at ~PKR 2,350mln at end-Sep’23 (SPLY: ~PKR 2,260mln). As part of its long-term strategic plans, JSGCL plans to further solidify its business model by advancing digital transformation and diversity in revenue streams.

Going forward, pivotal factors for enhancing the rating perspective include improvement in core income, management’s ability to retain its market share, and enhancing the volumes and diversity of revenue to improve its competitive position in the brokerage industry. Meanwhile, upholding sound internal controls, retention of key management personnel and diligent monitoring of risks is important.

About the Entity

JS Global Capital Limited (“JSGCL” or “The Company”) was incorporated as a private limited company in 2000. Subsequently, the Company obtained a listing on the Pakistan Stock Exchange in 2005. The Company operates through nine branches, including the head office which is situated in Karachi. 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). Jahangir Siddiqui & Company Limited has established a considerable presence in major sectors of Pakistan’s economy. 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 three independent directors, four non-executive directors, and one executive director. 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.