



Date

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Analysts

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Applicable Criteria

- Methodology | Security Broker (Jun 18)

Related Research

- Sector Study | Brokerage & Security (Nov 18)

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PACRA Maintains the Entity Ratings of JS Global Capital Limited.

Rating Type	Entity	
	Current (14-Jun-2019)	Previous (13-Dec-2018)
Action	Maintain	Maintain
Long Term	AA	AA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

The ratings reflect JS Global Capital Limited’s (JSGCL) strong ability to retain its market share in lackluster equity market activity. The rating incorporates the leading position of the company in the brokerage industry emanating from an established brand, sizeable and stable market share and a sound operating platform. The ratings incorporate JSGCL's sound financial profile characterized by its un-leveraged capital structure and strong risk absorption capacity owing to its healthy equity base and liquidity profile. The company is geared up to further enhance its market share, branch network, software development while developing new products. The company's investment portfolio is compliant to its Investment Policy Statement, to invest in 'A' and above rated avenues and is dominated by bank placements and equity spread transactions which provide a stable stream of income. The investment book also remains a source of comfort amidst inherently volatile brokerage volumes. The performance of the company has been under pressure recently due to lower volumes and trading activity in the market resulting in subdued profitability. The ratings recognize JSGCL's parentage - JS Bank – and its association with JS Group.

The ratings are dependent on the JSGCL’s management’s ability to improve the brokerage income by optimizing its resources. Given relatively constrained volumes in the market, in turn suppressed the profitability, managing any further contraction may be challenging. Herein, retaining market share would support JSGCL's business profile. Retention and nurturing of key human resources remain imperative for JSGCL.

About the Entity

JSGCL, with commercial operations starting in May 2003, carries the legacy of stock brokerage business initiated in the early seventies by Mr. Jahangir Siddiqui. With its head office based in Karachi, the company operates with eleven branches across the country. Its main activities include brokerage, corporate finance, financial advisory, forex, and money market activities. The company is listed on the Pakistan Stock Exchange (PSX). JS Bank Limited (JSBL) and Global Investment House (GIH) are the major shareholders of the company each holding 67% and 27% stake in JSGCL, respectively. Along with brokerage services, JSGCL provides financial advisory services as well.

The board of directors (BoD) of JSGCL comprises eight experienced professionals, including the CEO. Four members represent the JS Group. GIH has also nominated three well-qualified and resourceful members. The remaining member is 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.