



**Date**

14-Dec-21

**Analyst**

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**Applicable Criteria**

- Methodology | Broker Entity Rating | Jun-21
- Criteria | Correlation Between Long-term & Short-term Rating Scales | Jun-21
- Criteria | Rating Modifiers | Jun-21

**Related Research**

- Sector Study | Brokerage & Securities | Jan-21

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**PACRA Maintains Entity Ratings of JS Global Capital Limited**

Rating Type	Entity	
	Current (14-Dec-21)	Previous (14-Dec-20)
Action	Maintain	Maintain
Long Term	AA	AA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

The ratings take into account JS Global Capital Limited’s (“JSGCL” or “The Company”) established position as the top-tier brokerage house of the industry. The ratings incorporate the stable and sizeable market share, established brand name and a sound operating platform. The ratings also incorporate the strong sponsor profile, zero leveraged capital structure and well managed liquidity indicators. Following the recent boom in traded volumes of stock exchange, the core revenue of the Company improved and the Company maintained its market share. The Company’s investment portfolio is compliant to its investment policy and is dominated by bank placements and equity spread transactions resulting in low exposure to market risk. The rating takes into account the Company’s strong financial profile with the Net Capital Balance of ~PKR 870mln and an equity base of ~PKR 2.3bln at end-Sep’21. Whereas, the topline of the Company depicts diversified revenue stream supplemented by consultancy income, RBFS transaction, margin financing and investment return on financial assets. The Company remained profitable during 3QCY21 where the net profit after tax clocked in at ~PKR 400mln (SPLY: ~PKR 136mln).

The ratings are 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. Meanwhile, upholding strong internal controls and diligent monitoring of risks is important.

**About the Entity**

JS Global, 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 eight 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) is the major shareholder of the company holding ~93% stake in JS Global Capital Limited. Along with brokerage services, JS Global provides financial advisory services as well. The board of directors (BoD) of JS Global comprises eight experienced professionals, including the CEO.

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.