

## Date

13-Dec-24

## Analyst

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## Applicable Criteria

- Methodology | Rating Modifiers | Apr-24
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Jul-24
- Methodology | Broker Entity Rating | Aug-24

## Related Research

- Sector Study | Brokerage & Securities | Jan-24

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## PACRA maintains Broker Entity Ratings of JS Global Capital Limited

Rating Type	Entity	
	Current (13-Dec-24 )	Previous (14-Dec-23 )
Action	Maintain	Maintain
Long Term	AA	AA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

JS Global Capital Limited ('JSGCL' or the 'Company') has enhanced its market presence through a focus on onboarding retail clientele. The Company is engaged in equity and commodity brokerage, while operations are well supported through MFS/MTS, corporate finance, and money market operations. CY24 has been a boon for the brokerage industry so far, with the reduction in interest rates providing the impetus to institutions to shift their fixed income exposures towards the equity market. Moreover, improving macroeconomic indicators renewed investor sentiments, with the KSE-100 Index breaching previous historic high levels on a regular basis. As a result, market volumes improved by ~119% during 9MCY24 when compared with SPLY. The trend is expected to continue during 1HCY25 though political stability and further macroeconomic improvements remain crucial factors. JSGCL's revenue surged by ~71% during 9MCY24, with the Company earning ~PKR 812mln during the period (SPLY: ~PKR 476mln). Effective management of expenses and diversified income streams boosted the bottom-line by an impressive ~157%, with the Company earning ~PKR 227mln as net profit during 9MCY24 (SPLY: ~PKR 88mln). JSGCL has a strong equity base of ~PKR 2,686mln at end-Sep'24 (SPLY: ~PKR 2,452mln). Market risk is negligible as the investment book of JSGCL remains limited to bank placements, Ready-Buy-Future-Spreads, and other low-risk avenues. The assigned ratings incorporate the strong business acumen and diversified portfolio of the sponsoring group. A robust governance framework provides additional oversight. JSGCL has a strong multitier organizational structure, with most department heads reporting directly to the CEO. The management is experienced, and the control framework is robust and well-established. During the year, Mr. Khalilullah Usmani, who has been associated with JSGCL for over a decade, took over as CEO in place of Mr. Imtiaz Gadar. A strong compliance framework and group-level internal audits enhance the control environment of the Company. The Company's strategic plan to invest in digital transformation has provided effective results. Conversion of new retail accounts to active traders remains a key focus of JSGCL, materializing in its industry-leading market share.

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 was incorporated as a private limited company in 2000. Subsequently, the Company obtained a listing on the Pakistan Stock Exchange in 2005. 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. The sponsoring group has established a considerable presence in major sectors of Pakistan's economy. The group's 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, including three independent directors, four non-executive directors, and one executive director (CEO). 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.