



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF JS INVESTMENTS LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of JS Investments Limited at "A+" (Single A Plus) and "A1" (A one), respectively. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the company's sustained efforts at maintaining its assets under management, in a tough operating environment. JSIL has lately re-aligned its organization structure while strengthening the human resource. The risk absorption capacity of the company is improving with gradual reduction in debt and JSIL's emergence into profitability. However, the company's performance remains constraint owing to muted growth in AUMs as against the industry trend, thereby restraining the core revenue stream. Meanwhile, JSIL remains exposed to market risk through investments in its own funds, mainly equity. Nevertheless, strong financial profile of JS Group remains a source of comfort.

The rating is dependent upon management's ability to effectively execute its business strategy for growth in AUMs, in turn, augmenting the core fee revenue, hence profitability. Herein, the challenge would be diversity of funds including contribution from the retail segment. Moreover, strengthening the management platform while keeping a check on, the cost structure, leading to improved funds' performance is important.

About the Company

Incorporated in 1995 and listed in 2007, JS Investments Limited (JSIL) is one of the largest player in asset management industry of Pakistan. It is currently a subsidiary of Jahangir Siddiqui and Company Limited (JSCL) - 52%. JSCL, which is also the parent of JS Bank, intends to transfer its stake in JSIL to JS Bank. This, while strengthening capital structure of JS Bank, would bring synergic benefits to JS Group's interests in financial sector - bank, AMC & brokerage. JS Bank, in operations since December 2006, carries a long-term rating of "A+" by PACRA.

JSIL's seven-member board - including CEO, two JS family members, three group representatives and an independent director - is diverse in terms of experience and background. The CEO, Mr. Rashid Mansur possesses over three decades of domestic and international experience in financial industry. He is assisted by a team of experienced professionals.

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