

BROKER MANAGEMENT RATING REPORT

Integrated Equities Limited

REPORT DATE:

January 11, 2021

RATING ANALYSTS:

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Rating Category	Latest Rating
Broker Management Rating	BMR2
Rating Rationale	The rating signifies strong compliance and risk management, sound internal & external control framework, client relationship and HR & IT services while regulatory compliance levels and financial management are adequate.
Rating Date	January 11, 2021

APPLICABLE METHDOLOGY:

Broker Management Ratings 2020: <https://s3-us-west-2.amazonaws.com/backupsqvis/docs/BMR202007.pdf>

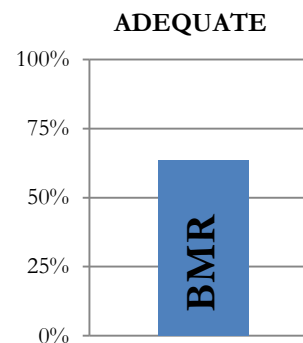
COMPANY INFORMATION

Incorporated in 2008	External auditors: Ilyas as Saeed & Co Chartered Accountants
Public Limited	Chairman of the Board: Sardar Ali Wattoo
Key Shareholders (with stake 5% or more): Mr. Sardar Ali 92.65%; Ms. Sadia Ali 7.35%	Chief Executive Officer: Sardar Ali Wattoo

Corporate Profile

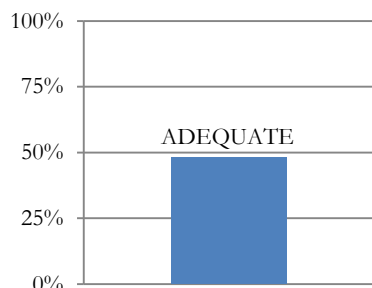
Integrated Equities Limited (IEL) was incorporated in 2008 under the Companies Ordinance 1984 as a Public Limited Company. IEL is owned by the Aequitas Group which came in to creation with the acquisition of Pakistan Credit Rating Agency Limited (PACRA) in 2003. The group has extended its operation in to numerous business sectors including financial services, rating services, software services and renewable energy. IEL has a number of functional units including Equity Brokerage, Research, and Investment Banking and Projects Advisory services.

The Company holds a Trading Right Entitlement Certificate (TREC) issued by the Pakistan Stock Exchange Limited (PSX). Majority shareholding of the company is kept by Mr. Sardar Ali owning around 92.65% whereas the remaining ownership of 7.35% is held by Ms. Sadia Ali. External auditors of the company are Ilyas Saeed & Co Chartered Accountants. Auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).



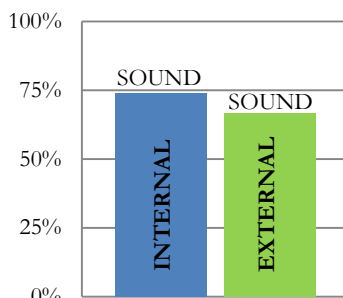
Rating Factors Scores

Regulatory Requirements & Supervision



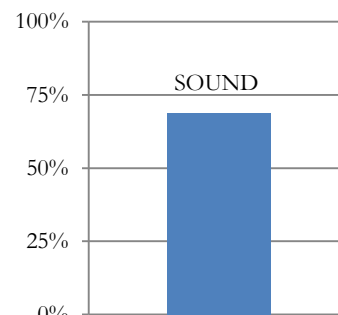
- Room for improvement exists in board size for enhanced governance. Additionally, it would facilitate committees formation with adequate and independent members
- Presence of independent director with relevant experience on board would enhance corporate governance levels.

Internal & External Control Framework



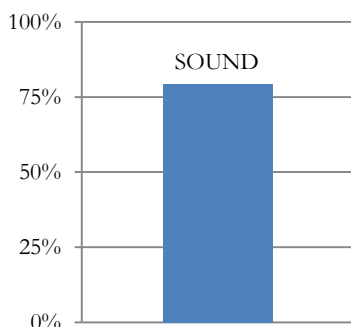
- Adding Statement of Compliance with Code and CEO's independent statement in annual accounts would add to external control framework.
- Appointment of 'A' category of external auditors has been noted.
- Employee trading guidelines maybe further developed.

Client Relationship & Fairplay



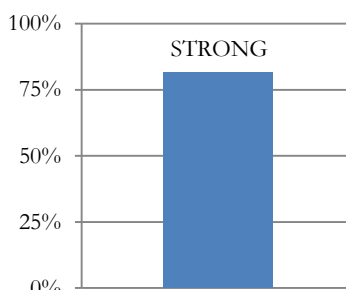
- Trade procedures and customer relationship management is sound.
- Client service maybe enhanced via uploading market and equity research reports on website.

HR & Infrastructure



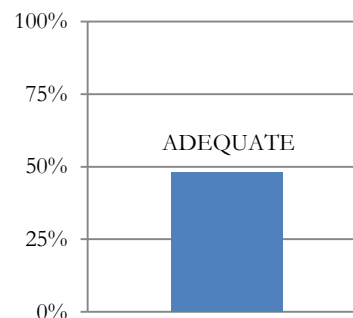
- Inclusion of a fully integrated ERP platform would enhance synthesized reporting.

Compliance & Risk Management



- Overall compliance management has witnessed improvement as internal audit and compliance department are placed independently.
- Status of reviewing policies, manuals and trade procedures is considered sound.

Financial Management



- Increase in brokerage income during FY20 has contributed to the company's profitability.
- Focus on diversifying income streams would lower operational risk of the business.

MANAGEMENT QUALITY SCALE & DEFINITIONS

Appendix I

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: [BROKER MANAGEMENT RATING](#)

BMR1A

Excellent regulatory compliance, control environment, and financial management; governance and risk management frameworks are extremely effective; HR, IT, and customer services are strongly proactive.

BMR1++, BMR1+, BMR1

Strong regulatory compliance, control environment, and financial management; governance and risk management frameworks are highly effective; HR, IT, and customer services are highly proactive.

BMR2++, BMR2+, BMR2

Sound regulatory compliance, control environment, and financial management; governance and risk management frameworks are effective; HR, IT, and customer services are proactive.

BMR3++, BMR3+, BMR3

Adequate regulatory compliance, control environment, and financial management; governance and risk management frameworks are satisfactory; HR, IT, and customer services are adequate.

BMR4++, BMR4+, BMR4

Inadequate regulatory compliance, control environment, and financial management; governance and risk management frameworks need improvements; HR, IT, and customer services are insufficient.

BMR5

Weak regulatory compliance and business practices

Rating Outlooks:

The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. www.vis.com.pk/images/criteria_outlook.pdf

REGULATORY DISCLOSURES Appendix II																					
Name of Rated Entity	Integrated Equities Limited																				
Sector	Brokerage																				
Type of Relationship	Solicited																				
Purpose of Rating	Broker Management Rating (BMR)																				
Rating History	<table border="1"> <thead> <tr> <th>Rating Date</th> <th>Rating</th> <th>Rating Outlook</th> <th>Rating Action</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;">RATING TYPE: BMR</td> </tr> <tr> <td>1/11/2021</td> <td>BMR2</td> <td>Stable</td> <td>Upgrade</td> </tr> <tr> <td>12/7/2018</td> <td>BMR3++</td> <td>Stable</td> <td>Reaffirmed</td> </tr> <tr> <td>10/24/2017</td> <td>BMR3++</td> <td>Stable</td> <td>Initial</td> </tr> </tbody> </table>	Rating Date	Rating	Rating Outlook	Rating Action	RATING TYPE: BMR				1/11/2021	BMR2	Stable	Upgrade	12/7/2018	BMR3++	Stable	Reaffirmed	10/24/2017	BMR3++	Stable	Initial
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Instrument Structure	N/A																				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.																				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.																				
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