

## BROKER MANAGEMENT RATING REPORT

### BIPL Securities Limited

**REPORT DATE:**

March 2, 2021

**RATING ANALYSTS:**

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Rating Category	Latest Rating
<b>Broker Management Rating</b>	<b>BMR2+</b>
<b>Rating Rationale</b>	The rating signifies strong HR & infrastructure, sound regulatory framework, internal & external controls, client relationship management, and compliance levels whereas financial management is considered adequate.
<b>Rating Date</b>	2 March, 2021

**APPLICABLE METHODOLOGY:**

Broker Management Ratings 2020

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

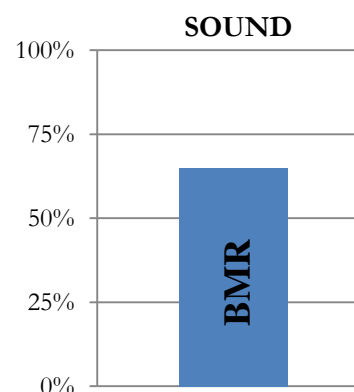
### COMPANY INFORMATION

<b>Incorporated in 2000</b>	<b>External auditors:</b> RSM Avais Hyder Liaquat Nauman Chartered Accountants
<b>Public listed</b>	<b>Chairman of the Board:</b> Mr. Kamal Uddin Tipu
<b>Key Shareholders (with stake 5% or more):</b>	<b>Chief Executive Officer:</b> Mr. Abdul Aziz Anis, CFA
M/s. BankIslami Pakistan Limited ~ 77.12%	
Muhammad Aslam Motivala 8.34%	
Noor Jehan Bano 6.54%	

### Corporate Profile

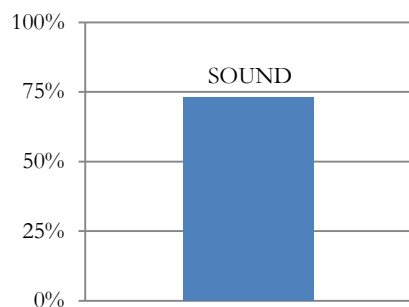
BIPL Securities Limited (BIPLS) is in the business of broking services for around last two decades. The company was incorporated in 2000 under the Companies Ordinance 1984 as a public limited company and commenced its operations from January, 2003. BIPLS caters primarily to equity broking services to both retail and institutional clients with presence in commodity, fixed income and forex segment. Major shareholding of the company is vested with one of the leading Islamic banks, Bank Islami Pakistan Limited.

Further, the company holds a Trading Right Entitlement Certificate (TREC) of PSX and is a Member of Pakistan Mercantile Exchange Limited (PMEX). External auditors of the company are RSM Avais Hyder Liaquat Nauman Chartered Accountants. Auditors belong to category 'B' on the approved list of auditors published by the State Bank of Pakistan (SBP).



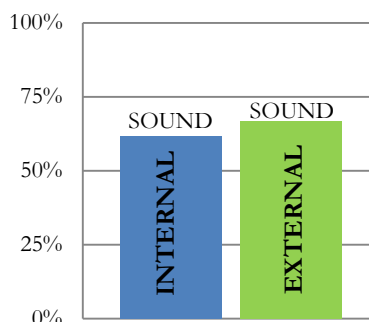
**Rating Factors Scores**

**Regulatory Requirements & Supervision**



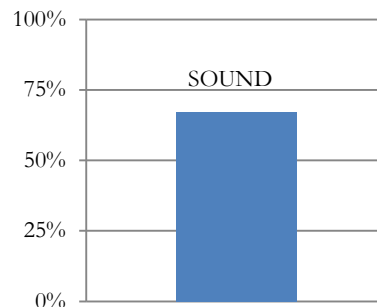
- Board size depicts strong corporate governance levels.
- Formation of risk management committee would bode well to best corporate governance practices.
- Improvement in net capital balance has been noted

**Internal & External Control Framework**



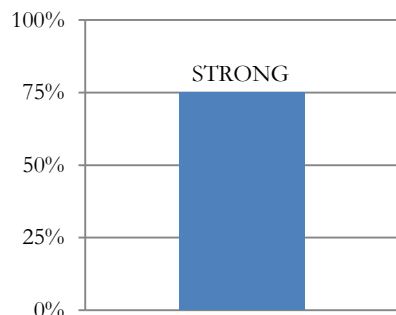
- Conflict of Interest Policy should be present separately.
- CEO's statement for fraudulent and illegal transactions may be added to the annual accounts.

**Client Relationship & Fairplay**



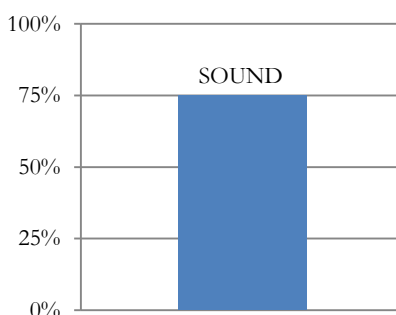
- Integrity of execution of trade is considered to be sound.
- Including daily market and equity research reports on the website would enhance client management services.

**HR & Infrastructure**



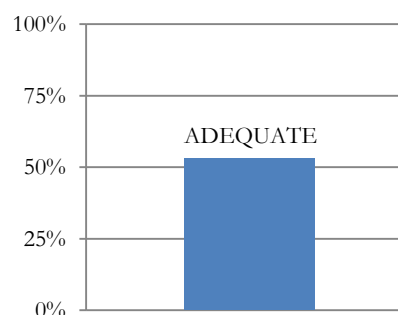
- Organizational structure is well defined with fully integrated ERP platform.
- Off-site back-up is under own control, back-up with third party would aid to the business contingency framework.

**Compliance & Risk Management**



- A well-defined credit policy document may enhance compliance and risk management framework.
- Internal audit and compliance department are present independently.

**Financial Management**



- Given the increase in core brokerage income, profitability has improved during 9MFY20.
- Efficiency ratio has declined by 59% during the period under review.

## VIS Credit Rating Company Limited

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### 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.

#### **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.

#### **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.

#### **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.

#### **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.

#### **BMR5**

Weak regulatory compliance and business practices

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#### **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](http://www.vis.com.pk/images/criteria_outlook.pdf)

REGULATORY DISCLOSURES		Appendix II		
<b>Name of Rated Entity</b>	BIPL Securities Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Management Rating (BMR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b><u>RATING TYPE: BMR</u></b>			
	3/2/2021	BMR2+	Stable	Reaffirmed
	3/31/2020	BMR2+	Stable	Reaffirmed
	12/28/2018	BMR2+	Stable	Reaffirmed
	10/17/2017	BMR2+	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	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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