

BROKER MANAGEMENT RATING REPORT

Insight Securities (Pvt.) Limited

REPORT DATE:

May 14, 2024

RATING ANALYSTS:

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Rating Category	Latest Rating
Broker Management Rating	BMR2
Rating Rationale	The rating signifies strong compliance and risk management and sound external control, HR & infrastructure and financial management. Regulatory requirement & supervision, internal controls and client relationship are considered adequate.
Rating Date	May 14, 2024

APPLICABLE METHDOLOGY:

Broker Management Ratings:

<https://docs.vis.com.pk/Methodologies%202024/Broker-Management.pdf>

VIS Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

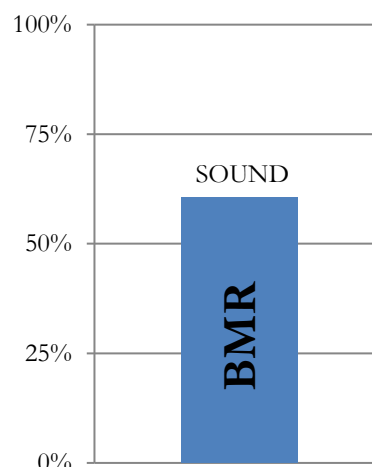
COMPANY INFORMATION

Incorporated in 2006	External auditors: Grant Thornton Anjum Rehman Chartered Accountants
Private Limited Company	Board Chairman: Mr. Muhammad Amin
Key Shareholders (with stake 5% or more):	CEO: Mr. Zubair Ghulam Hussain
Mr. Zubair Ghulam Hussain ~ 41.67%	
Mrs. Munira Ghulam Hussain ~ 58.33%	

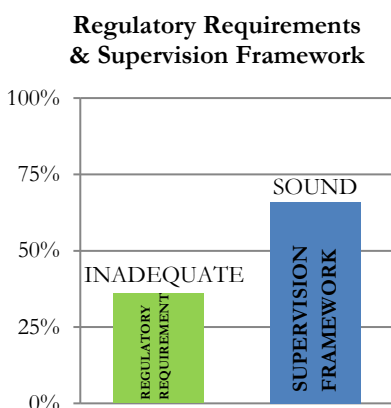
Corporate Profile

Insight Securities (Pvt.) Limited is a private limited company incorporated in 2006, providing equity brokerage services to institutional as well as individual clients, in both local and international markets. Major shareholding of the Company is vested with two individuals including the CEO. The Company operates from Karachi and provides both online and assisted trading services to its clients.

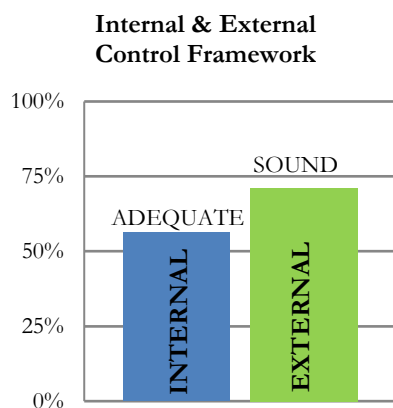
Insight Securities (Pvt.) Limited holds Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), and is registered with SECP to provide Trading & Self Clearing Services. External auditors of the company are Grant Thornton Anjum Rehman Chartered Accountants. External auditors belong to category ‘A’ on the approved list of auditors published by the State Bank of Pakistan (SBP).



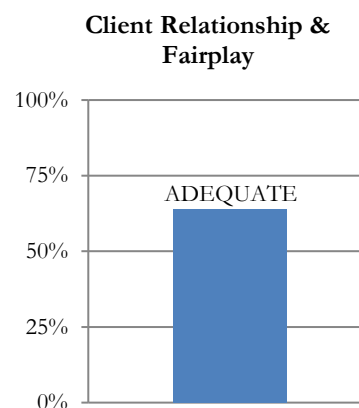
Rating Factors Scores



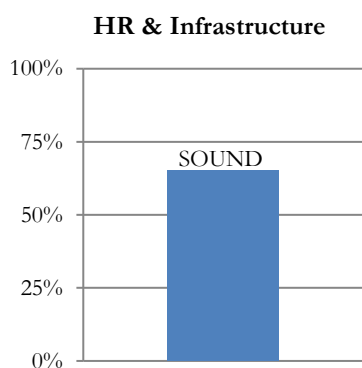
- At present, the Company’s board comprises of three directors, with no independent representation while board meetings are held on quarterly basis.
- Inclusion of certified members in the board may be considered to further strengthen the governance framework, additionally it would facilitate in the formulation of other board level committees.



- Overall, internal control framework is considered adequate. However, enhancing the scope of internal policies may be considered.
- Reporting of employee personal trading may be done on periodic basis while increasing frequency of internally reviewing customer orders may be considered to further strengthen the control framework
- External control framework is considered sound.



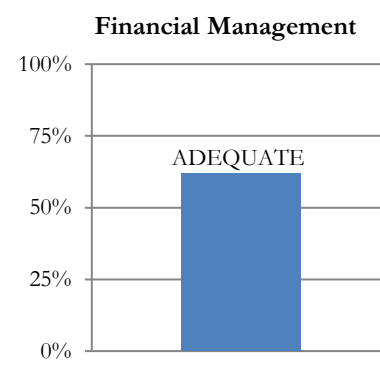
- Investor grievance procedures may be improved through inclusion of complaint registering and tracking mechanism on Company’s website with greater visibility.
- Availability of daily market research and equity research reports on company website has been noted.
- Disclosure of commission rates on the website may also be considered to enhance transparency.



- The Company has sound HR & IT infrastructure, with fully integrated ERP platform present in place.
- Organizational structure of the Company is commensurate with the size of operations.
- Availability of offsite data backups at a third party warehouse may further strengthen its contingency measures.



- Overall, Company has strong compliance and risk management framework.
- Inclusion of a separate risk management department may be considered, at present the same is merged with the Company’s compliance function.
- The Company has outsourced its internal audit to third party, which is viewed positively.



- During the year, the Company’s operating profil witnessed weakening on the back of slowdown in trading activity leading to a decline in core brokerag revenue.
- Operational efficiency of the Company als deteriorated, however end-HFY24, the sam witnessed slight improvement as recurring expense in relation of recurring revenues were 54% (FY2 70%, FY22 68%)
- While liquidity profile of the Company continues to remain sound, market risk remains elevated Quantum of short-term investments in relation to equity is 88% end-HFY24. (FY23 85%)
- Capitalization indicators continue to remain sound for the year.
- Going forward, improvement in revenue base maintenance of capitalization and liquidity indicator and improvement in cost to income ratio will remain important for rating.

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Entity	Insight Securities (Pvt.) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	<u>RATING TYPE: BMR</u>			
	14/ 05/ 2024	BMR2	Stable	Reaffirmed
	24/ 11/ 2022	BMR2	Stable	Reaffirmed
	28/09/2021	BMR2	Stable	Initial
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	N/A			
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