

BROKER MANAGEMENT RATING REPORT

Investment Managers Securities (Private) Limited

REPORT DATE:

February 11, 2022

RATING ANALYSTS:

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APPLICABLE

METHDOLOGY:

Broker Management Ratings 2020:

[https:// docs.vis.com.pk/ docs/ BMR202007.](https://docs.vis.com.pk/docs/BMR202007.pdf)

[pdf](#)

Rating Category	Latest Rating
Broker Management Rating	BMR3
Rating Rationale	The rating signifies adequate regulatory compliance levels, financial management, HR & IT services, external and internal control framework, risk and compliance levels and client relationship.
Rating Date	February 11, 2022

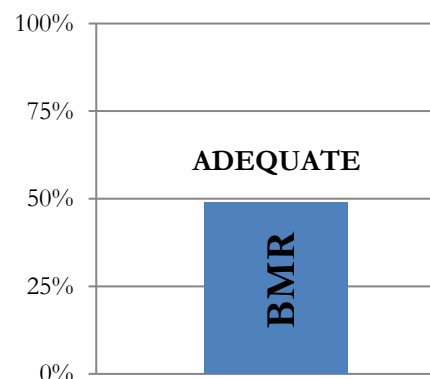
COMPANY INFORMATION

Incorporated in 2006	External auditors: M/s Nasir Javed Maqsood Imran & Co. – Chartered Accountants
Private Limited Company	Chairman of the Board/CEO: Mr. Osama Abdul Ghani
Key Shareholders (with stake 5% or more):	
<i>Mr. Abdul Qadir ~ 45%</i>	
<i>Mr. Wasim Hyder ~ 25%</i>	
<i>Mr. Altaf Yousuf ~ 25%</i>	
<i>Osama Abdul Ghani ~ 5%</i>	

Corporate Profile

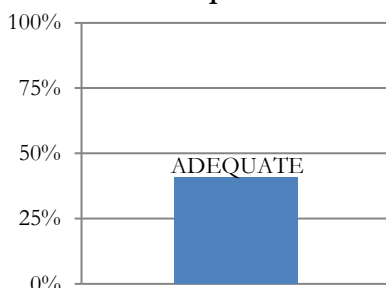
Incorporated in 2006, Investment Managers Securities Private Limited (IMSPL) is a private limited company providing assisted trading services in the business of stock brokerage and investments to its retail and institutional clients. Major shareholding of the company is vested with Mr. Abdul Qadir who serves in the capacity of an Executive Director. The Company’s registered office is located in Karachi.

The Company holds a Trading Rights Entitlement Certificate (TREC) for providing trading and self-clearing services granted by Pakistan Stock Exchange Limited External auditors of the Company are Nasir Javed Maqsood Imran & Co. – Chartered Accountants. Auditors belong to the B category on SBP’s approved list of auditors.



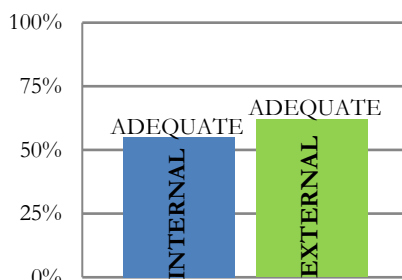
Rating Factors Scores

Regulatory Requirements & Supervision



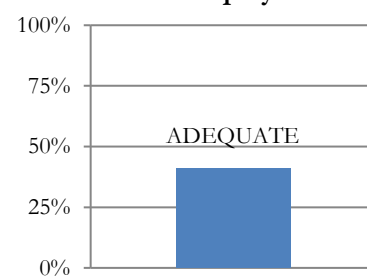
- The Company’s Board comprises of four members, representing all the sponsor directors. Inclusion of independent and certified members on the Board may enhance the supervisory framework.
- Increasing the Board size and independent representation will also assist in formation of independently represented committees without repetition of members. The Company currently has three Board committees including audit. Segregation of Chairman and CEO roles may be considered.
- Acquisition of additional licenses and increasing net capital balance may support larger trading activity and expand revenue base.

Internal & External Control Framework



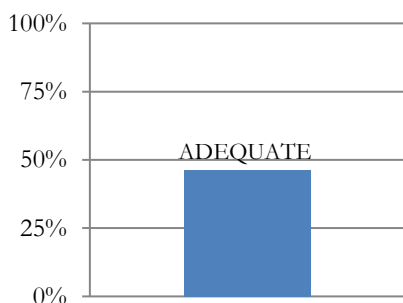
- Scope of internal policies may be enhanced.
- Frequency of reviewing internal control policies and procedures may be increased in order to ensure prompt reporting to the Board and to improve overall control framework.
- External control environment is adequate.
- Inclusion of CEO and compliance statement in the annual accounts may be considered for improving disclosure levels.

Client Relationship & Fair-play



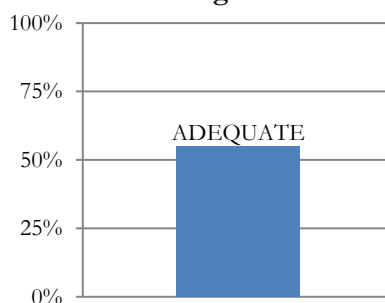
- Provision of client-centric facilitation tools including online trading platform, mobile application, trade alerts through email/mobile may contribute towards increasing customer base and strengthening client relationships.
- Research function may be enhanced to support client experience.
- Investor grievance measures may also be expanded.

HR & Infrastructure



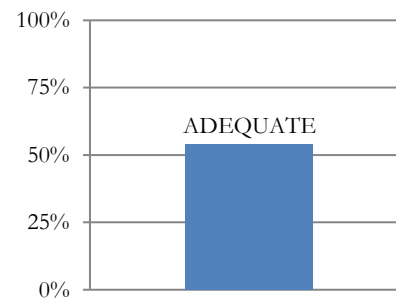
- HR infrastructure may need to be augmented to support business growth. Reporting lines may also be aligned for clarity and objectivity.
- Contingency measures may be improved by increasing frequency of disaster recovery exercises, and maintaining off-site data backup along with regular review of business continuity framework.

Compliance & Risk Management



- Presence of independent risk management function would further enhance overall risk assessment of customers.
- Segregation of internal audit and compliance department may be considered.
- Overall, compliance and risk management remains adequate.

Financial Management



- Operating profitability of the company has remained subdued with limited brokerage revenues and higher operating expenses. While brokerage revenues recorded an uptick in FY21, higher costs to income ratio continued to be a drag on profitability.
- Over the years, non-core income generated on account of profit on deposits has supported the bottom line.
- Liquidity profile is considered adequate. Short term investments comprise mainly of strategic investments in Pakistan Stock Exchange. Liquidity source consists mainly of cash holdings.
- Capitalization indicators are also considered adequate with zero gearing and manageable leverage levels, however equity base remains small. Going forward, improvement in operating profitability through increasing revenue base along with curtailment of operating expenses will be important for rating.

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	Investment Managers Securities (Private) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BMR			
	11/2/2022	BMR3	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	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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