

BROKER MANAGEMENT RATING REPORT

Investment Managers Securities (Private) Limited

REPORT DATE:

May 30, 2023

RATING ANALYSTS:

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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	May 30, 2023

APPLICABLE**METHDOLOGY:**

Broker Management Ratings 2020:

<https://docs.vis.com.pk/docs/BMR202007.pdf>

APPLICABLE RATING**SCALE(S):**

VIS Issue/Issuer Rating Scale:

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

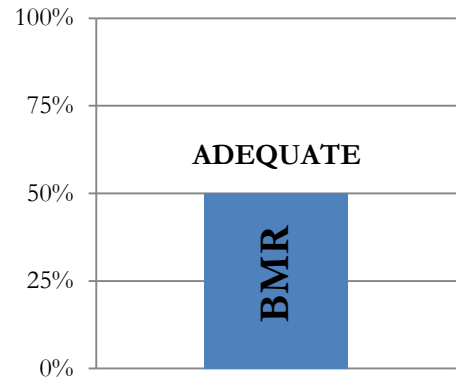
COMPANY INFORMATION

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>	

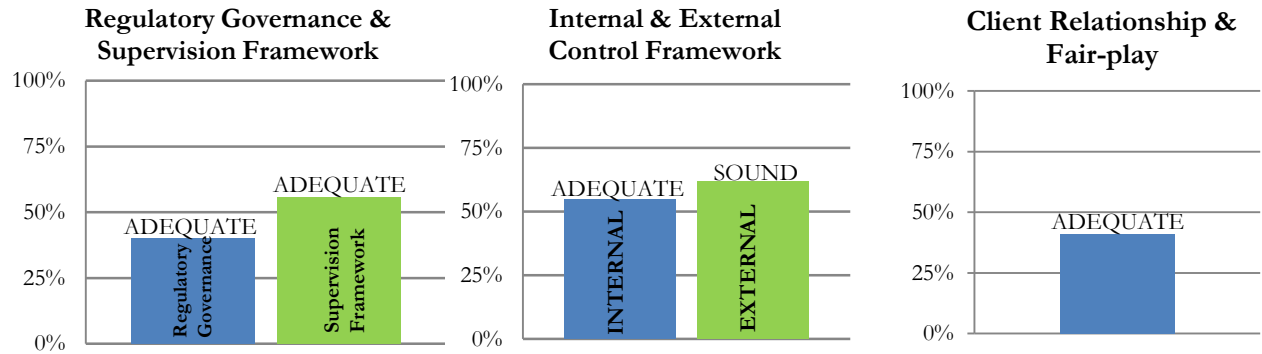
Corporate Profile

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.

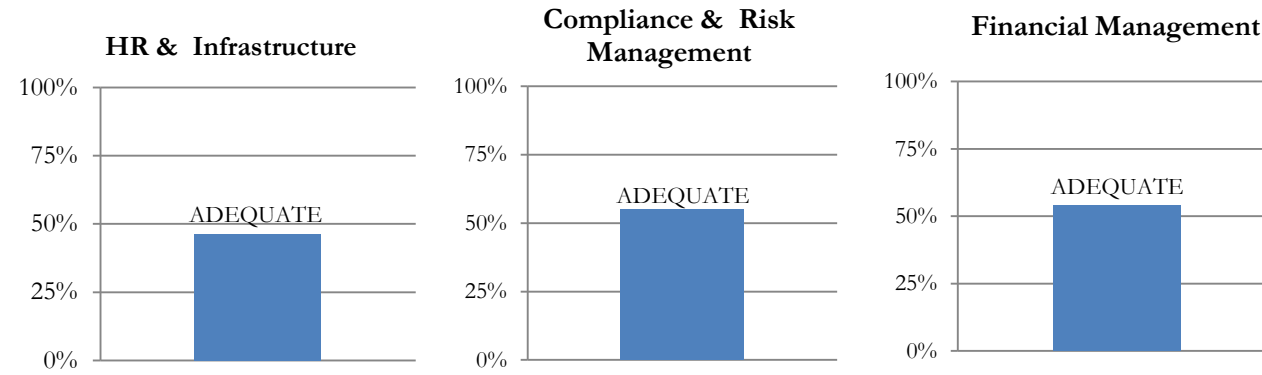
The Company holds a Trading Rights Entitlement Certificate (TREC) for providing trading and self-clearing services granted by Pakistan Stock Exchange Limited External auditors of the Company are Nasir Javed Maqsood Imran & Co. – Chartered Accountants. Auditors belong to the B category on SBP’s approved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



Rating Factors Scores



- Room for improvement exists in board size as at present, the Company’s board comprises of four members including sponsoring directors and CEO.
- Inclusion of independent directors on board may be considered to avoid repetition of board members in board committees
- Increasing frequency of board meetings may also be also considered to further strengthen overall governance framework.
- Acquisition of additional licenses may provide support to larger trading activity.
- Internal control framework work is considered adequate with room for improvement in the same through enhancement of scope of existing policies.
- 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 considered sound. However, disclosure levels may be improved by adding the director's report and CEO's statement to the financial statements.
- Overall, client relationship & fair-play is considered adequate.
- Much room for improvement exists in providing customers with facilitation tools such as online trading platforms, mobile trading application, research report and availability of trade alerts via email or mobile devices.
- Enhancing investor grievance measures through availability of complaint registering and tracking may also be considered.



- HR infrastructure may need to be augmented along with establishing a fully integrated ERP platform 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.
- Overall HR & Infrastructure is adequate, however there is room for improvement still exists.
- Presence of independent risk management function would further enhance overall risk assessment of customers.
- Segregation of internal audit and compliance department may be considered.
- Developing a mechanism for reviewing and monitoring suspicious and non-compliant trading along with tightening of credit limits may be considered.
- Overall, compliance and risk management remains adequate.
- During the year, IMSPL’s earning profile witnessed deterioration due to subdued market activity along with decline in trading volumes.
- During FY22, decline in market volumes impacted the earning profile however, non-core income generated on account of profit on deposits has supported the bottom line.
- Efficiency ratio continues to remain on the higher side, curtailment of administrative expenses coupled with augmented revenue base to reduce dependency on brokerage income will remain key.
- Liquidity profile is considered to be adequate, with liquid assets providing 1.1x coverage to total liabilities as of HY23 (FY22 8.62x, FY21 3.78x).
- Capitalization indicators are also considered adequate with zero gearing and manageable leverage levels, however equity base remains small.
- Going forward, augmentation in revenue streams in order to mitigate operational risk, improvement in cost to income ratio maintenance of capitalization indicators and liquidity profile will remain important for the rating.

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
	<u>RATING TYPE: BMR</u>			
	30/5/2023	BMR3	Stable	Reaffirmed
	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	N/A			
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