

BROKER MANAGEMENT RATING REPORT

Investment Managers Securities (Private) Limited

REPORT DATE:

September 06, 2024

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk
APPLICABLE
METHODOLOGY & SCALE:
Broker Management Ratings:
<https://docs.vis.com.pk/Methodologies>[%202024/Broker-Management.pdf](https://docs.vis.com.pk/Methodologies/%202024/Broker-Management.pdf)
VIS Rating Scale:
<https://docs.vis.com.pk/docs/VISRati>[ngScales.pdf](https://docs.vis.com.pk/docs/VISRati/ngScales.pdf)

Rating Category	Latest Rating
Broker Management Rating	BMR3
Rating Rationale	The rating signifies sound external control framework, adequate regulatory compliance levels, financial management, HR & IT services, internal control framework, risk and compliance levels as well as client relationship and fairplay.
Rating Date	September 06, 2024

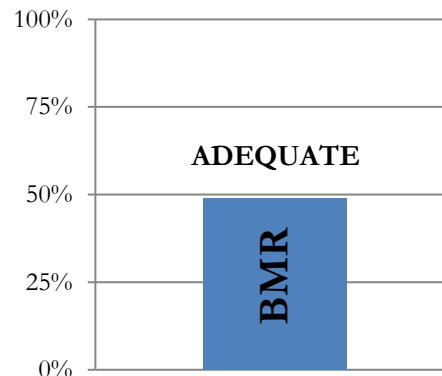
COMPANY INFORMATION

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):	
Mr. Abdul Qadir ~ 45%	
Mr. Wasim Hyder ~ 25%	
Mr. Altaf Yousuf ~ 25%	
Osama Abdul Ghani ~ 5%	

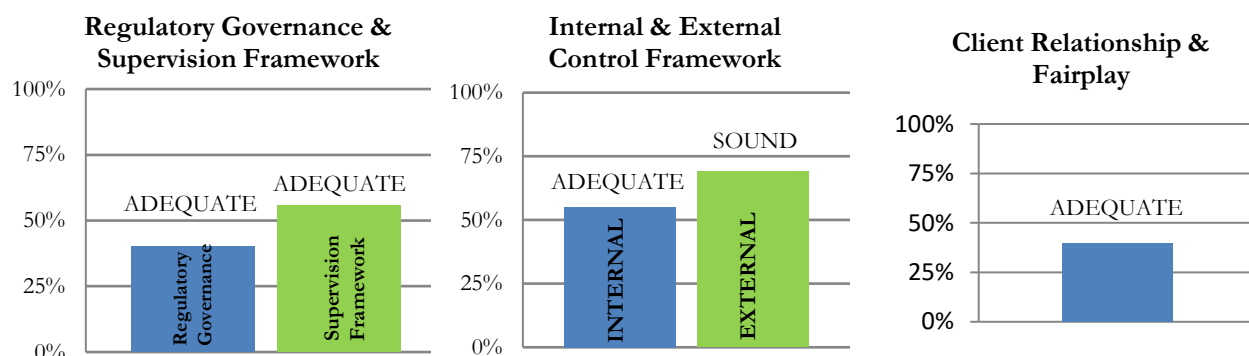
Corporate Profile

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.

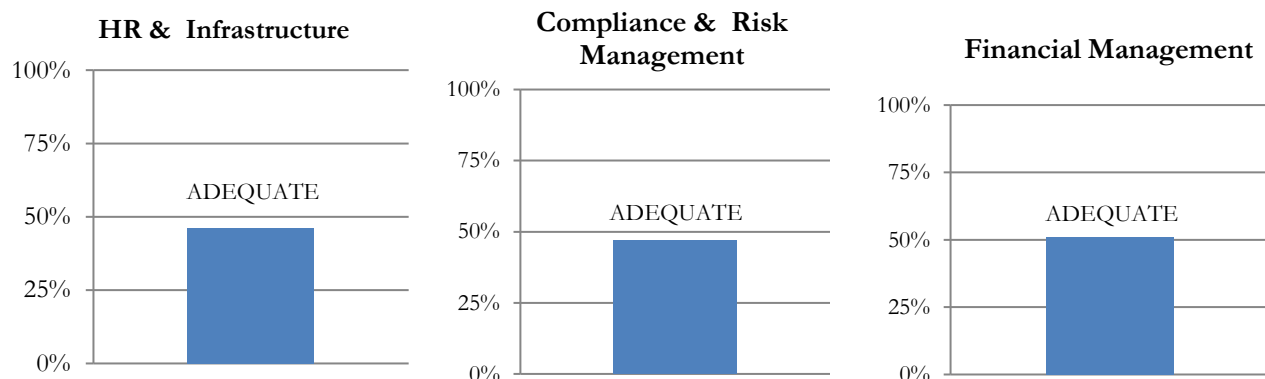
The Company holds a Trading Rights Entitlement Certificate (TREC) for providing trading and self-clearing services granted by Pakistan Stock Exchange Limited. External auditors of the Company are Nasir Javed Maqsood Imran & Co. – Chartered Accountants. Auditors belong to the B category on SBP's approved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



Rating Factors Scores



- The Company’s board is represented by four members including sponsoring directors and CEO. At present the Company has two board level committees, namely, audit and risk. Going forward, including independent and certified members in the board may be considered in order to improve overall governance framework. Additionally, it may also help avoid repetition of common members in board committees.
- Internal control framework work is considered adequate with room for improvement in the same through enhancement of scope of existing policies and trading procedures.
- External control environment is considered sound. Inclusion of director’s report and statement of compliance with code in annual financial statements has been noted. However, appointment of A category auditors may further enhance disclosure levels.
- Overall, client relationship & fair-play is considered adequate. Client experience can be further improved by providing customers with enhanced facilitation tools such as online trading platforms, mobile trading application, research report and availability of trade alerts via email or mobile devices.
- Improving investor grievance measures through availability of complaint registering and tracking may also be considered.
- Reporting of customer trading activity may be done on periodic basis.



- Fully integrated ERP is now in place.
- 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 & IT infrastructure of the Company depicts room for improvement as absence of clarity in reporting lines remains a constraint.
- Presence of independent risk management function would further enhance overall risk assessment of customers.
- Internal audit and compliance departments continue to function as a single department. Segregation of the same may be considered.
- Developing a mechanism for reviewing and monitoring suspicious and non-compliant trading along with tightening of credit limits may be also considered.
- Overall, compliance and risk management remain adequate.
- IMSPL’s earning profile witnessed a rebound during HFY24, driven by increase in brokerage revenue amid higher market volumes.
- Consequently, there was a significant improvement in the cost-to-income ratio, reaching a moderate level of 58.8% in HFY24 (FY23: 115.0%, FY22: 112%, FY21: 139%).
- Short term investments comprise mainly of strategic investments in PSX, accounting for 14.4% of the equity.
- Liquidity profile is considered sound while capitalization indicators are considered adequate, with zero gearing and manageable leverage indicators. However, equity base remains small.
- Going forward, augmenting the revenue base along with maintaining capitalization and liquidity profile will remain important for the rating.

REGULATORY DISCLOSURES		Appendix I		
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			
	06/09/2024	BMR3	Stable	Reaffirmed
	30/05/2023	BMR3	Stable	Reaffirmed
	11/02/2022	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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