

BROKER MANAGEMENT RATING REPORT

Integrated Equities Limited

REPORT DATE:

October 26, 2017

RATING ANALYSTS:

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APPLICABLE
METHODOLOGY:

Broker Management Ratings

2017:

<http://jcrvis.com.pk/docs/BM>[R201701.pdf](http://jcrvis.com.pk/docs/BM)

Rating Category	Latest Rating
Broker Management Rating	BMR3++
Rating Rationale	The rating signifies sound internal control framework, client relationship management, risk management and HR & IT services along with adequate regulatory compliance levels, external controls and financial management.
Rating Date	24 October 2017

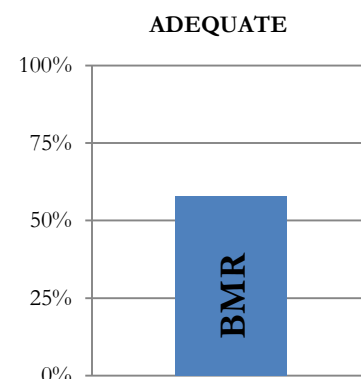
COMPANY INFORMATION

Incorporated in 2008	External auditors: Nasir Javaid Maqsood Imran, Chartered Accountants
Public Limited	Chairman of the Board: Sardar Ali Wattoo
Key Shareholders (with stake 5% or more): Mr. Sardar Ali 92.65%; Ms. Sadia Ali 7.35%	Chief Executive Officer: Sardar Ali Wattoo

Corporate Profile

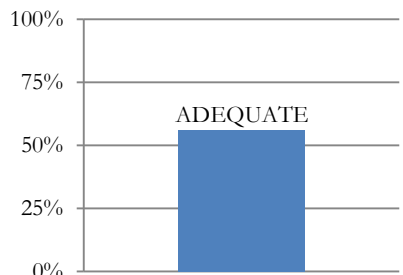
Integrated Equities Limited (IEL) was incorporated in 2008 under the Companies Ordinance 1984 as a Public Limited Company. IEL is owned by the Aequitas Group which came in to creation with the acquisition of Pakistan Credit Rating Agency Limited (PACRA) in 2003. The group has extended its operation in to numerous business sectors including financial services, rating services, software services and renewable energy. IEL has a number of functional units including Equity Brokerage, Research, and Investment Banking and Projects Advisory services.

The Company holds a Trading Right Entitlement Certificate (TREC) issued by the Pakistan Stock Exchange Limited (PSX). Majority shareholding of the company is kept by Mr. Sardar Ali owning around 92.65% whereas the remaining ownership of 7.35% is held by Ms. Sadia Ali. External auditors of the company are Nasir Javaid Maqsood Imran, Chartered Accountants. Auditors belong to category 'B' on the approved list of auditors published by the State Bank of Pakistan (SBP).



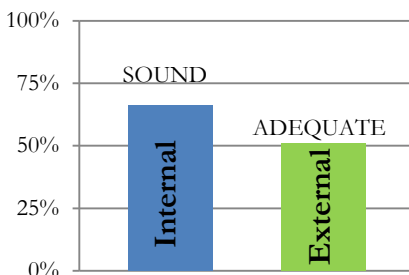
Rating Factors Scores

Regulatory Requirements & Supervision



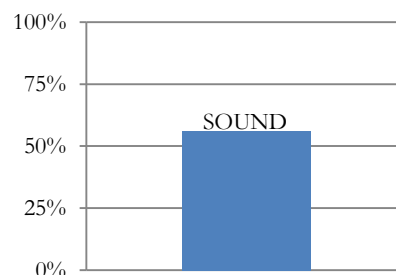
- There is a room for improvement in board level governance as there are no independent directors on the Board and one Board level committee.
- Adherence with regulations is considered satisfactory.

Internal & External Control Framework



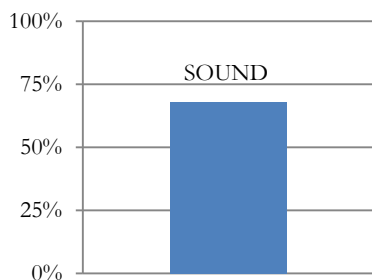
- External auditor of 'A' category from SBP panel may improve the external control framework.
- Internal control framework is supported by sound policy framework.

Client Relationship & Fairplay



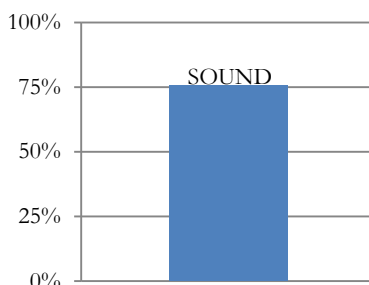
- Execution and reporting to clients is considered adequate
- Sharing of risk disclosure document with all customers would add more transparency to relationship management.

HR & Infrastructure



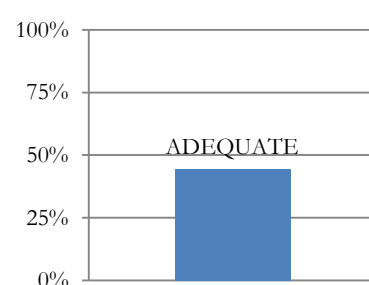
- A well-defined organogram is in place with all key positions filled.
- IT infrastructure and policies are considered sound.

Compliance & Risk Management



- Trade review procedure is considered comprehensive and is commensurate with the size of the organization.
- Credit evaluation of clients is done periodically according to written policy.

Financial Management



- Diversity in income generation needs to be addressed where it is correctly concentrated in advisory income where volatility maybe experienced.
- Profitability of the institution has improved on account of sizeable increase in advisory income.

JCR-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.

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

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.jcrvis.com.pk/images/criteria_outlook.pdf

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

REGULATORY DISCLOSURES		Appendix II		
Name of Rated Entity	IEL Securities 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			
	10/24/2017	BMR3++	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	JCR-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.			
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