

## BROKER MANAGEMENT RATING REPORT

### Integrated Equities Limited

**REPORT DATE:**

January 9, 2020

**RATING ANALYSTS:**

Muhammad Tabish  
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**APPLICABLE**

**METHDOLOGY:**

Broker Management Ratings 2017:  
<http://vis.com.pk/docs/BMR201701.pdf>

Rating Category	Latest Rating
<b>Broker Management Rating</b>	<b>BMR3++</b>
<b>Rating Rationale</b>	The rating signifies strong compliance and risk management, sound internal control framework, client relationship and HR & IT services while regulatory compliance levels, external controls and financial management are adequate.
<b>Rating Date</b>	January 9, 2020

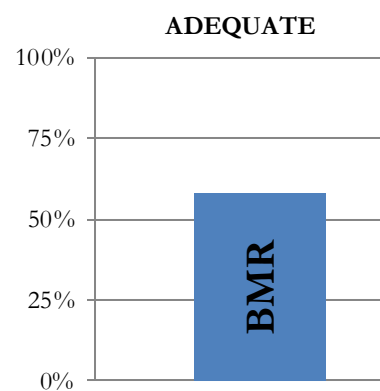
#### COMPANY INFORMATION

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

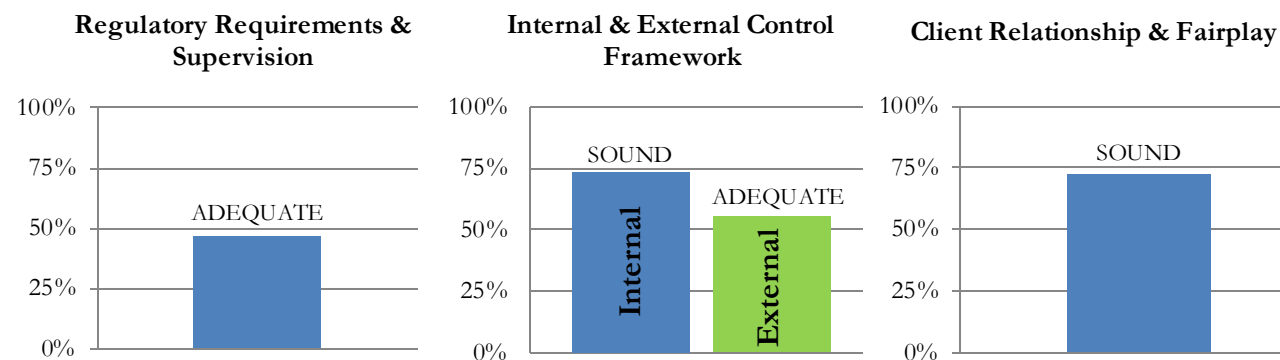
### Corporate Profile

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**



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|---|--|--|
| <ul style="list-style-type: none"> <li>• Indusion of independent director on board and constitution of board level Risk Management Committee may strengthen board level governance.</li> <li>• Net capital balance is considered satisfactory.</li> </ul> | <ul style="list-style-type: none"> <li>• Employee trading guidelines maybe further developed.</li> <li>• Indusion of Directors’ Report, CEO statement and Statement of Compliance with Code in annual Financial Statements would enhance public disdosures.</li> <li>• Appointment of ‘A’ category of external auditors would strengthen overall control environment.</li> </ul> | <ul style="list-style-type: none"> <li>• Client service maybe enhanced via uploading market and equity research reports on website.</li> </ul> |
|---|--|--|



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|---|---|--|
| <ul style="list-style-type: none"> <li>• IT infrastructure and policies are sound; however, one fully integrated ERP platform would provide consolidated reporting.</li> <li>• Off-site backup of data is maintained at third party and under own control as well.</li> </ul> | <ul style="list-style-type: none"> <li>• Compliance function overall has witnessed improvement; however the same may be segregated from Risk management for darity and control purposes.</li> </ul> | <ul style="list-style-type: none"> <li>• Enhanced focus on diversifying income streams may address the business volatility risk.</li> <li>• Profitability has remained at around prior year. Overall financial assessment draws support from low leveraged capital structure.</li> </ul> |
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## MANAGEMENT QUALITY SCALE &amp; DEFINITIONS

## Appendix I

## 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](http://www.vis.com.pk/images/criteria_outlook.pdf)

<b>REGULATORY DISCLOSURES</b>		<b>Appendix II</b>		
<b>Name of Rated Entity</b>	Integrated Equities Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Management Rating (BMR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: BMR</b>			
	1/9/2020	BMR3++	Stable	Reaffirmed
	12/7/2018	BMR3++	Stable	Reaffirmed
	10/24/2017	BMR3++	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	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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