

Press Release

Date: 04-Jun-24

PACRA UPGRADES BROKER FIDUCIARY RATING OF ISMAIL IQBAL SECURITIES (PVT.) LIMITED

Rating Details	Rating Type	BFR	
	Dissemination Date	Current (04-Jun-24)	Previous (13-Jun-23)
	Action	Upgrade	Maintain
	Rating	BFR 3+	BFR 3
	Outlook	Stable	Stable
	Rating Watch	-	-

Rating Rationale	Factor	Comment
	Ownership	Mr. Ahfaz Mustafa holds the controlling stakes of the Company (~65%), while remaining shares are divided amongst family members. The strong business acumen of the primary sponsor enhances the ownership factor.
	Governance	A two-member board of directors is present along with the existence of an Audit Committee. Expansion of board size and inclusion of independent directors would enhance the Governance framework.
	Management and Client Services	A defined organizational structure is in place, with IISPL streamlining its departments to enhance operational efficiency during 9MFY24. An experienced management team is in place; however, segregation of roles amongst key management would improve client services.
	Internal Controls and Regulatory Compliance	The Company has enhanced its control framework during 9MFY24 through the addition of an underwriting discipline. Policies and procedures are designed to ensure regulatory compliances. Internal control function may be improved by a dedicated departmental head.
	Business Sustainability	The Company relies on equity brokerage as the primary source of revenue. In line with the market activity, the revenue has increased by ~86% to ~PKR 93mln during 9MFY24 as compared to ~PKR 50mln during SPLY. IISPL has diversified its topline through advisory and underwriting.
	Financial Sustainability	The Company's streamlining of its organizational structure has improved its allocation of expenses, uplifting the profit after tax to ~PKR 149mln in 9MFY24 as compared to loss of ~PKR 47mln in SPLY. The Company's equity stood at ~PKR 337mln at end-Mar'24

Key Rating Drivers	Comment
	Ismail Iqbal Securities (Pvt.) Limited ('IISPL' or the 'Company') has strengthened its market presence by strategically targeting HNWT's and diversifying its product range, amplifying its reach. The primary sponsor's keen business insight led to major gains in proprietary investments during 9MFY24. Going forward, upholding top-line growth, revenue diversification, and sustainability of profitability are vital for sustained ratings.

About the Entity	Legal Structure	Private Limited
	Year of Establishment	06-Aug-04
	Type of License	Trading and Self-clearing
	Majority Ownership	Mr. Ahfaz Mustafa (~65%)

Regulatory Disclosures	Analyst	Applicable Criteria	Related Research
	Hassaan Ahmad Hassaan.Ahmad@pacra.com +92-42-35869504 www.pacra.com	Assessment Framework Broker Fiduciary Rating Jan-24	Sector Study Brokerage & Securities Jan-24

Disclaimer	Text
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