



Rating Action

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PACRA maintains Entity Ratings of Ismail Iqbal Securities

The Pakistan Credit Rating Agency (PACRA) has maintained the long term rating of "**BBB-**" (Triple B Minus) and short-term rating of "**A3**" (Single A Three) of Ismail Iqbal Securities (Pvt.) Limited. The ratings denote an adequate capacity for timely payment of financial commitments.

The ratings reflect modest positioning of the company in the brokerage industry. This is supplemented by IISL's small equity base with commensurate net capital balance (NCB). IISL's revenue depicts a tilt towards High Net worth Individuals (HNWIs); contribution of foreign clients is meager. Customer concentration is high though longevity of the relationship alleviates the associated risks. The company has achieved sizeable reduction in receivables; underwriting business provided support to the ratings. The company makes profit from core brokerage business. The business plan envisages deepening of inroads into existing clientele while focusing on foreign clients and underwriting business. The company's risk appetite in underwriting is depicted by the recent transactions; wherein prudence vis-a-vis risk needs to be exercised.

The ratings are dependent on the company's ability to maintain its relative positioning in the brokerage industry. Meanwhile, strengthening of governance framework in accordance with the new regulation would be important. Moreover, managing credit risk and effective utilization of investment float remain imperative.

About the Company:

IISL, with commercial operations starting in Aug'04, operates through 2 branches, both in Karachi. Its main activities include equity brokerage and underwriting. Being a private limited company, IISL is owned by three individuals, wherein the majority shareholding (65%) lies with the CEO - Mr. Ahfaz Mustafa and remaining stake is equally held by siblings. The family represents Ismail Iqbal group. The family is also engaged in education, logistics, and packaging. The company's auditors are Baker Tilly Mehmood Idress Qamar. They are on the panel of auditors maintained by the State Bank of Pakistan.

The board comprises two members, including the CEO and his elder brother (Mr. Azhar Iqbal). Mr. Mustafa carries close to a decade experience in the equity trading. He is supported by a capable team.

Applicable Criteria and Related Research

- Brokerage Industry - Viewpoint | Nov-15
- Securities Brokers Entity Rating Methodology

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