



**Rating Action**

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**PACRA ASSIGNS RATINGS TO KASB SECURITIES LIMITED**

The Pakistan Credit Rating Agency Limited (PACRA) has adjusted the long-term entity rating of KASB Securities Limited (KSL) to “A” (Single A) [Previous rating: “A+” (Single A Plus)], the short-term entity rating is maintained at “A1” (A One). The rating of the secured TFC issue of PKR 500mln has also been adjusted to “A+” (Single A plus) [Previous: “AA-” (Double A Minus)]. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

The ratings of KSL recognize the suppressed socio-economic environment in Pakistan, which has pressurized stock markets’ performance and resultantly lower brokerage volumes. In addition, the ratings take into account dent on KSL’s risk absorption capacity, mainly due to significant impairment in equity investments and a substantial rise in doubtful receivables. Simultaneously, the ratings factor in the management’s plan to engage in proprietary trading, though the resulting exposure to market risk would be limited due to KSL’s proven capital market experience and cap on size of the trading book. Nevertheless, the ratings draw comfort from KSL’s strong presence in the equity broking business, an outcome of its established franchise supported by an advanced technology infrastructure and extensive research skills. Meanwhile, association with Bank of America Merrill Lynch is also a key rating factor.

**About the company:** KASB Securities Limited (KSL), a leading brokerage house with above 5% system share, has been providing a range of services including institutional and retail broking, securities and economic research, money market and forex broking services. KSL is a successor to brokerage business started by Mr. Khadim Ali Shah Bukhari (Late) in 1955. Currently, it operates as a subsidiary (78%) of KASB Bank Limited.

KSL’s seven-member board consists of 3 executive directors. The current CEO, Mr. Farrukh H. Sabzwari, an MBA, joined the company in Jan 2005 and holds around 15 years of experience in investment banking and broking businesses. A team of experienced professionals supports him.

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