



The Pakistan Credit Rating Agency Limited

Rating Report

Trust Securities & Brokerage Limited | BFR

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Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
19-Sep-2025	BFR 2	Stable	Maintain	-
19-Sep-2024	BFR 2	Stable	Maintain	-
19-Sep-2023	BFR 2	Stable	Maintain	-
20-Sep-2022	BFR 2	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	Trust Securities & Brokerage Limited ("TSBL" or "The Company") is primarily owned by Junaid Shehzad Ahmed (26.9%), Muhammad Khurram Faraz (16%), Foresight Investments (9.2%), and Muhammad Talha Razi (7.5%), with the remainder held by others.
Governance	The Board, chaired by Mrs. Zenobia Wasif, comprises seven members, including independent directors, whose presence strengthens oversight, accountability, and governance.
Management and Client Services	TSBL experienced management, supported by committees, ensures effective decision-making and efficiency. Its mobile app and online trading platform enhance service delivery and client experience.
Internal Controls and Regulatory Compliance	TSBL has Audit and HR & Remuneration committees to ensure compliance and governance, supported by outsourced internal audit and independent directors for enhanced transparency.
Business Sustainability	TSBL topline is primarily driven by equity brokerage, generating ~PKR 190 mln in brokerage revenue during 9MFY25 (SPLY: ~PKR 163 mln). The Company reported a net profit of ~PKR 11 mln compared to ~PKR 84 mln in the SPLY.
Financial Sustainability	TSBL financial sustainability is supported by an equity base of PKR 374 mln in 9MFY25 (SPLY: PKR 363 mln). Stable equity growth reflects adequate capitalization and balance sheet strength.

Key Rating Drivers

TSBL's BFR rating reflects increasing pressure as the Company's performance continues to trail broader industry momentum. Revenues have posted growth; however, the pace has remained subdued compared to the strong expansion witnessed across the sector, resulting in modest profitability levels. The Company's business profile is anchored by experienced sponsors, a stable yet comparatively modest equity base, and sound governance practices reinforced through independent board oversight and outsourced internal audit. Operational resilience is supported by a seasoned management team and adequate client servicing platforms. Despite these strengths, the absence of revenue diversification and a continued reliance on brokerage income limit the potential for rating progression. If these dynamics persist, TSBL's relative standing versus peers may come under pressure. Enhancing market positioning, broadening income streams, and increasing profitability will be vital to preserve the current rating trajectory.

Disclosure

Name of Rated Entity	Trust Securities & Brokerage Limited BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework Broker Fiduciary Rating(Jan-25)
Related Research	Sector Study Brokerage Firms(Feb-25)
Rating Analysts	Usama Ali usama.ali@pacra.com +92-42-35869504

Profile

Background Trust Securities & Brokerage Limited ("TSBL" or "The Company") was incorporated as a Public Limited Company on October 19, 1993. It is listed on the Pakistan Stock Exchange Limited (PSX) and holds the status of a Trading Right Entitlement Certificate (TREC) holder, along with membership of the Pakistan Mercantile Exchange Limited (PMEX). Over the years, the Company has established itself as a recognized market participant, leveraging its regulatory affiliations to provide clients with access to both equity and commodity markets.

Operations The Company operates through eight branches, including its Head Office in Karachi. Its core business lies in equity brokerage, complemented by commodity brokerage services. Holding the status of a "Trading and Self-Clearing", the Company independently executes and settles trades, ensuring greater efficiency and control.

Ownership

Ownership Structure The Company's shareholding is led by Mr. Junaid Shehzad Ahmed (26.93%) and Mr. Muhammad Khurram Faraz (16.03%). Other significant shareholders include Foresight Investments (Pakistan) (Pvt.) Limited (9.2%), Mr. Muhammad Talha Razi (7.5%), Mr. Muhammad Shayan Ghayas (6.7%), and Paramount Commodities (Pvt.) Limited (5.4%). The remaining shares are held by various individuals and entities.

Stability While the Company does not have a formalized shareholding agreement or a documented succession plan, its operations are guided by verbal understandings among key stakeholders. Leadership continuity is maintained under the stewardship of Mr. Abdul Basit, who currently serves as Chief Executive Officer (CEO) and is expected to continue leading the Company in the foreseeable future, supported by a verbal succession framework.

Business Acumen The primary sponsor, Mr. Junaid Shehzad Ahmed, possesses strong business acumen backed by global professional exposure and entrepreneurial ventures. His diverse portfolio spans agro-business, real estate (local and international), consultancy, and corporate finance advisory. With a solid academic and professional background, he provides the Company with valuable strategic direction and market insights.

Financial Strength The primary sponsors demonstrate sound financial strength, supported by their diversified business interests both within Pakistan and abroad. They have also expressed willingness to inject additional equity into the Company if required, reflecting strong sponsor support and financial backing.

Governance

Board Structure The Board of Directors comprises seven members, including two independent directors, five non-executive directors, and two executive directors. The Board is chaired by Mrs. Zenobia Wasif, a non-executive director. The presence of independent and non-executive members supports effective oversight and strengthens the governance framework of the Company.

Members' Profile TSBL's Board comprises professionals with diverse expertise. Mr. Abdul Basit (CEO) brings 27 years of capital markets experience, while Mrs. Zenobia Wasif (Chairperson) adds leadership strength. Mr. Khizer Hayat Farooq offers entrepreneurial and financial markets expertise, and Mr. Talat Mehmood (Retd. Wing Commander) provides governance insight. Sardar Abdul Majeed Khan (former IGP) contributes regulatory oversight, Mr. Junaid Shehzad Ahmed brings global business acumen, and Mr. Muhammad Shayan Ghayas adds capital markets and risk management expertise.

Board Effectiveness The Board demonstrates active involvement in business matters, as reflected in the quality of discussions recorded in meeting minutes. Effectiveness is further reinforced through the presence of Audit and HR & Remuneration Committees, both chaired by independent directors, ensuring strong oversight and governance.

Financial TSBL's external audit is conducted by Reanda Haroon Zakaria Aamir Salman Rizwan & Co., Chartered Accountants, a B-Category firm on SBP's panel of auditors. Additionally, the internal audit function is outsourced to M. Adnan Siddique & Co., ensuring independent oversight and transparency in financial reporting.

Management And Client Services

Organizational Structure The Company has a well-developed organizational structure. Key departments of the Company include: (i) Online Retail Brokerage, (ii) Institutional Brokerage, (iii) Risk Management (iv) Sales & Marketing, (v) Economic Research, (vi) Compliance, (vii) Customer Support, and (viii) Internal Audit. All department heads report to the CEO, while the Internal Audit department reports to the Board Audit Committee.

Management Team TSBL's management team comprises seasoned professionals with extensive experience across capital markets, finance, legal, and client services. Led by Mr. Abdul Basit (CEO) with 27 years at the Company, the team brings strong expertise in equity brokerage, finance, regulatory affairs, sales, and research, ensuring effective leadership and operational depth.

Client Servicing The Company offers multiple account opening channels, including a user-friendly online trading terminal, a mobile application, and in-person services through its physical branch network. A dedicated and responsive customer support team assists clients throughout the onboarding process and provides step-by-step guidance for seamless online trading.

Complaint Management TSBL has a formal 'Customer Care Policy' that outlines a structured complaint management framework. All client complaints are initially received by the Operations Manager, who forwards them to the relevant department head for investigation and resolution. This process ensures timely handling, accountability, and systematic redressal.

Extent Of Automation / Integration TSBL utilizes fully integrated front and back-end systems from SECP-approved vendor Vision Max, enabling real-time monitoring for compliance and risk management, and ensuring strict adherence to margin requirements.

Continuity Of Operations TSBL has a business continuity framework with on-site, off-site, and cloud-based backups. Off-site servers and weekly external data backups enhance resilience and safeguard critical information against disruptions.

Internal Controls And Regulatory Compliance

Risk Management Framework TSBL has a dedicated Risk Management Committee that reviews the Company's risk appetite, policies, and control mechanisms. The outsourced internal audit function further strengthens the framework by providing independent oversight and mitigating risks associated with operational and control lapses, thereby enhancing overall resilience.

Regulatory Compliance TSBL's compliance department ensures adherence to all PSX requirements and SECP regulations, including AML/CFT standards, alongside professional practices and internal policies. This structured compliance framework supports regulatory alignment, strengthens controls, and reinforces the Company's commitment to ethical and transparent operations.

Business Sustainability

Operating Environment The brokerage industry in Pakistan has strengthened in FY25, supported by improved investor sentiment, higher trading volumes, and regulatory reforms aimed at broadening market participation. The KSE-100 Index recently crossed the 150k mark, reflecting equities' position as the best-performing asset class amid monetary easing and improving macroeconomic stability. At the same time, digital innovation and online trading platforms continue to expand retail outreach. Despite these favorable dynamics, the sector remains exposed to political uncertainty, external vulnerabilities, and regional tensions, which may weigh on market activity and investor confidence.

Performance TSBL's revenue profile remains concentrated in equity and commodities brokerage, with operating revenue solely derived from commission income. During 9MFY25, the Company generated brokerage commission of ~PKR 190mln, reflecting growth from ~PKR 163mln in the SPLY, driven by higher market activity. However, profitability witnessed a sharp decline, with net profit standing at ~PKR 11mln against ~PKR 84mln in the SPLY, primarily due to rising operating costs and pressure on margins. While the revenue base demonstrates resilience, limited diversification beyond commission income exposes the Company to earnings volatility. Building ancillary income streams, such as advisory, research, or margin-based services, could strengthen financial sustainability and improve long-term growth prospects.

Strategy The management is actively pursuing diversification by expanding into advisory services, supported by a strengthening research department. This strategic shift aims to reduce reliance on brokerage income, enhance value-added offerings for clients, and create sustainable revenue streams.

Financial Sustainability

Credit Risk In line with the Company's Risk Management Policy, the Risk Management department conducts daily monitoring of client margin requirements to proactively identify potential shortfalls. The integrated Risk Management System provides real-time alerts on any possible breaches, enabling timely interventions. Appropriate corrective measures are undertaken immediately to mitigate credit exposure, thereby ensuring prudent risk containment and safeguarding the Company's financial position.

Market Risk The Company has constituted an active Investment Committee (IC) that oversees market exposures and formulates strategies to mitigate associated risks. Currently, the absence of a proprietary trading book significantly reduces direct market risk, while the IC's regular monitoring ensures that any potential exposures are prudently managed. This framework provides an added layer of protection against adverse market volatility.

Liquidity Risk The Company's liquidity profile remains comfortable, with current liabilities recorded at ~PKR 480mln as of 9MFY25 (SPLY: ~PKR 311mln). These obligations are sufficiently covered by current assets of ~PKR 779mln (SPLY: ~PKR 624mln), translating into a current ratio of ~1.6x (SPLY: ~2.0x). While the ratio has moderated due to higher short-term liabilities, it continues to indicate adequate coverage, mitigating liquidity risk.

Capitalization TSBL maintains an adequate capitalization profile, with Liquid Capital Balance (LCB) standing at ~PKR 206mln as of 9MFY25. The Company's equity base of ~PKR 374mln further supports its risk absorption capacity and provides a stable financial cushion for business operations.

THE PAKISTAN CREDIT RATING AGENCY

Trust Securities & Brokerage Limited
PUBLIC LISTED LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Mar-25 FY25 9M Management	Jun-24 FY24 12M Audited	Jun-23 FY23 12M Audited	Jun-22 FY22 12M Audited
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BALANCE SHEET

1 FINANCES	172.53	67.14	36.90	42.90
2 INVESTMENTS	0.02	18.90	20.70	45.50
3 OTHER EARNING ASSETS	-	-	0.40	0.49
4 NON-EARNING ASSETS	686.94	621.23	436.20	430.50
5 NON-PERFORMING FINANCES-net	-	(66.11)	-	-
TOTAL ASSETS	859.49	707.27	494.20	519.39
6 FUNDING	36.68	80.05	64.60	66.50
7 OTHER LIABILITIES (NON-INTEREST BEARING)	447.96	264.04	150.40	163.70
TOTAL LIABILITIES	484.64	344.09	215.00	230.20
TOTAL EQUITY	374.85	363.18	279.20	289.50

INCOME STATEMENT INCOME

1 FEE BASED INCOME	190.16	211.43	142.39	210.60
2 OPERATING EXPENSES	(229.51)	(277.78)	(83.10)	(78.20)
3 NON-FEE BASED INCOME	11.64	104.83	46.11	3.20
TOTAL OPERATING INCOME (LOSS)	(27.72)	38.47	105.40	135.60
4 FINANCIAL CHARGES	(8.82)	(13.51)	(115.40)	(150.10)
PRE-TAX PROFIT	14.74	84.02	(10.00)	(13.60)
5 TAXES	(3.07)	(0.02)	(0.20)	0.10
PROFIT AFTER TAX	11.67	84.00	(10.20)	(13.50)

RATIOS BUSINESS SUSTAINABILITY

1 PRE-TAX MARGIN	0.08	0.40	(0.07)	(0.06)
2 EBITDA MARGIN	0.12	0.52	0.83	0.70
3 EBIT RETURN ON ASSETS	0.04	0.16	0.21	0.24

FINANCIAL SUSTAINABILITY

1 TOTAL INVESTMENTS / EQUITY	0.00	0.05	0.07	0.16
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.55	0.54	0.59	0.69
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.00	0.03	0.05	0.07
4 TOTAL DEBT / TOTAL ASSETS	0.05	0.12	0.13	0.13

Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services and sustainability of operations

Scale	Definition
BFR 1	Very Strong. Very Strong quality of management and client services and a very high likelihood of sustaining operations.
BFR 2++ BFR 2+ BFR 2	Strong. Strong quality of management and client services and a high likelihood of sustaining operations.
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client services and an above average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client services and an average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client services and a weak likelihood of sustaining operations.

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	Withdrawn A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the rating remains suspended for six months, or/and d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

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(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term “family members” shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA’s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers’ associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst’s area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

Probability of Default

- (22) PACRA’s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA’s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA’s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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