VIS
Credit Rating Company Limited

RATING REPORT

TAURUS SECURITIES LIMITED

Analysts:
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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Maintained	
RATING DATE	October 22, 2025		October 4, 2024	

Shareholding (5% or More)	Other Information
National Bank of Pakistan – 58.3%	Incorporated in 1993
The Bank of Khyber –30.0%	Public Unquoted Company
Saudi Pak Industrial and Agricultural Investment Company limited-8.3%	Chief Executive Officer: Syed Zain Hussain
	External Auditor: BDO Ebrahim and Co Chartered Accountants

Applicable Rating Methodology
VIS Entity Rating Criteria Methodology – Broker Entity Rating:
https://docs.vis.com.pk/Methodologies-2025/BrokerEntityRating.pdf

Rating Scale
https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale
The assigned ratings continue to draw strength from the strong sponsor profile, with majority shareholding vested with National Bank of Pakistan (NBP), a state-owned institution, followed by Bank of Khyber (BoK) and Saudi Pak Industrial & Agricultural Investment Company Ltd. (SAPICO). All three sponsors possess sound financial standing and established track records in the financial sector. Support from the sponsors extends through financial and operational synergies, business referrals, and oversight from experienced professionals on the Board.

The ratings further incorporate the Company's improved financial performance, as reflected by growth in brokerage income amid an uptick in market activity during the review period. The financial risk profile remains sound, supported by very low gearing and adequate liquidity buffers, and the absence of proprietary investments, which limits exposure to market risk. Improvement was also noted in the cost-to-income ratio during CY24.

Nonetheless, the ratings remain constrained by the elevated business risk inherent to the brokerage sector, characterized by its cyclical nature, fragmented structure, and high sensitivity to macroeconomic conditions. The Company's limited market presence and moderate revenue base also continue to cap overall business scale and competitive positioning. Going forward, enhancement in revenue scale and diversification, alongside sustained profitability and operational efficiency will remain important for ratings.

Company Profile

Taurus Securities Limited ('TSL' or 'the Company') is a public unquoted company incorporated in 1993. It operates as a subsidiary of National Bank of Pakistan (the Holding Company), which holds ~58% of its shareholding. The Company's principal activities include stock brokerage, investment advisory, and fund placement services. The Company holds Trading Rights Entitlement Certificate (TREC) for Trading & Self Clearing Services granted by Pakistan Stock Exchange Limited (PSX) and is also a license holder of Pakistan Mercantile Exchange Limited (PMEX). The registered office of the Company is located in Karachi, Pakistan.

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding of the Company is vested with National Bank of Pakistan (58.32%), which is the largest public sector bank in the country. Other major shareholders of the Company include Bank of Khyber (30%) and Saudi Pak Industrial & Agricultural Investment Company Limited (8.3%), both possessing sound risk profile. Support from parent company encompasses financial support, business generation, and the presence of seasoned professionals on the board.

Corporate Governance

The Company's Board consists of 7 directors out of which 3 are independent directors. At present, the Company has 3 Board Committees, namely Audit Committee, Risk Management Committee and the Human Resource Committee. The Audit Committee and the Human Resource Committee comprises of 3 members and the Risk Management Committee consists of 5 members. Overall, the Company maintains a strong Corporate Governance framework

Management, Internal controls & IT

Mr. Syed Zain Hussain serves as the Company's Chief Executive Officer. Mr. Zain holds a bachelor's degree from South Eastern University in Marketing. He has over 20 years of work experience in stock brokering and fund management. His responsibilities at TSL include managing the overall operations and resources of the company and working with the board in developing & implementing strategies and making major corporate decisions.

The Company has an ERP platform in place for its back-office operations, acquired from VisionMax (Pvt.) Limited, which serves as a back-office automation system covering client interfacing, accounts, settlements, and ledgers. The Company has undertaken investments in digital onboarding and mobile application development, aligning its platform with the NBP to facilitate seamless customer onboarding and integrated fund transfers. These initiatives are expected to enhance operational efficiency, strengthen customer experience, and support future business scalability.

Contingency and disaster recovery mechanisms of the Company are also in place, with offsite data backups maintained under their own control. Furthermore, the Company has Know Your Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in place, in line with the Securities and Exchange Commission of Pakistan (SECP) guidelines, all of which have been duly implemented.

Business Risk

INDUSTRY

The performance of the brokerage sector remains closely linked to the macroeconomic indicators of the country. The sector is inherently volatile and is characterized by high business risk due to its cyclicality, fragmented structure, intense competition, and strong regulatory oversight.

During FY24, PSX achieved the highest equity market performance globally, with the KSE-100 Index soaring to 78,444.96, a significant increase from 41,452.69 in FY23. The index recorded an annual return of 89% in PKR terms and 94% in USD terms. The surge was driven by improved economic indicators such as increased exports and remittances, a notable decline in inflation, decrease in base interest rates and favorable financial developments, including the successful completion of the IMF Stand-by Agreement.

The positive momentum extended into FY25, with the KSE-100 delivering a strong return of ~60%, reaching a high of 125,627, globally positioning Pakistan amongst one of the best performing stock markets. This growth was underpinned by sustained economic recovery, monetary easing, and a stable currency. The Staff level agreement on the first review for the 37-month Extended Fund Facility as well as a new 28-month arrangement under the resilience and sustainability facility (RSF) has further enhanced investor confidence, while improvements in private sector credit, auto financing, petroleum sales, power generation, exports, and remittances further contributed to market activity. Looking ahead, while the potential risks, including any potential devaluation of the PKR and political uncertainty, could pose challenges, improving macroeconomic indicators along with declining external financing needs are likely to sustain market performance.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base increased to PKR 378.6m as at Jun'25 (Dec'24: PKR 360.6m; Dec'23: PKR 313.1m), in line with the profitability reported during the period. Nevertheless, the equity base remains small relative to peers. The Company's gearing stood at 0.66x as at Jun'25 (Jun'24: 0.68x; Jun'23: 0.39x), primarily reflecting short-term borrowings utilized for working capital requirements, with credit lines extended by its main sponsors. Conversely, the leverage ratio stood at 2.13x as at Jun'25 (Dec'24: 3.16x; Dec'23: 2.27x), indicating a still elevated level. Overall, the Company's capitalization indicators are considered adequate.

PROFITABILITY

During CY24, the Company's operating income increased significantly by 46.9% to PKR 251.95m (CY23: PKR 171.46m). This growth was primarily driven by a substantial rise of 78.5% in brokerage commission, supported by strong trading activity on the Pakistan Stock Exchange (PSX). Brokerage commission continued to dominate the Company's revenue mix, contributing 69.9% of total revenue. Within this segment, corporate clients accounted for 57.7%, while individual clients contributed 42.2%. During 6MCY25, the positive market momentum persisted, with the Company reporting brokerage revenue of PKR 111.1m (6MCY24: PKR 65.35m).

As a result of higher operating revenue, the Company's operational efficiency improved, with the cost-to-income ratio declining to 71.6% in CY24 (CY23: 79.7%). However, it increased slightly to 76.0% in 6MCY25. The improvement in operating revenue also translated into higher profitability, with the Company posting a net profit of PKR 32.1m in CY24 (CY23: PKR 15.42m) and PKR 18.3m in 6MCY25 (6MCY24: PKR 15.4m).

The Company's efforts to diversify its revenue base through entry into commodity trading have remained limited, given the restricted market scope in this segment as indicated by management. Going forward, management anticipates greater alignment with the parent institution, with sponsors expected to leverage group synergies to support business expansion and revenue growth. Sustained improvement in earnings performance and revenue diversification will remain key rating drivers.

CREDIT RISK

As at June 2025, the Company reported trade debts of PKR 158.7m (Dec 2024: PKR 132.7m; Dec 2023: PKR 209.5m). ~55% of these pertain to receivables from National Clearing Company Limited (NCCPL), representing the proceeds of trades through NCCPL, thereby reducing credit risk exposure. Additionally, a major portion of commission income from corporate clients is collected through the Institutional Delivery System (IDS), which further mitigates credit risk. The Company has placed stringent margin financing requirements, supported by comprehensive risk management policies and clearly defined trading limits, providing support to its credit risk profile.

MARKET RISK

The Company does not engage in proprietary investments, thereby carrying minimal exposure to market risk and foregoing returns therein, if any.

LIQUIDITY RISK

Liquid assets of the Company, comprising margin deposits and cash balance, amounted to PKR 903.6m as at Jun'25 (Dec'24: PKR 1,269.4m, Dec'23: PKR 680.9m), translating into coverage of 1.12x against its total liabilities as at Jun'25 (Dec'24: 1.11x, Dec'23: 0.97x), thereby indicating an adequate liquidity profile.

FINANCIAL SUMMARY (amounts in PKR millions)				Appendix I
BALANCE SHEET	**CY22A**	**CY23A**	**CY24A**	**6MCY25M**
Trade Debts	669.4	209.5	132.7	158.7
Long Term Investments	0.0	0.0	0.0	0.0
Short term Investments	12.3	15.4	0.0	0.0
Cash and Bank balances	320.2	372.7	835.7	434.4
Total Assets	1302.0	999.4	1499.2	1184.2
Trade and Other Payables	991.4	586.3	903.8	556.5
Short term borrowings	10.0	100.0	235.0	240.0
Paid Up Capital	135.0	135.0	135.0	135.0
Net Worth (excluding revaluation surplus)	292.5	301.9	360.4	378.7
INCOME STATEMENT	**CY22A**	**CY23A**	**CY24A**	**6MCY25M**
Operating Revenue	124.9	171.5	252.0	139.0
Administrative Expenses	-119.7	-136.6	-180.4	-105.6
Finance Costs	-6.9	-5.0	-8.8	-4.9
Profit Before Tax	-1.5	30.1	62.9	28.5
Profit After Tax	-8.3	15.4	32.1	18.3
RATIO ANALYSIS	**CY22A**	**CY23A**	**CY24A**	**6MCY25M**
Liquid Assets to Total Liabilities	49.5%	96.8%	110.5%	112.2%
Liquid Assets to Total Assets	39.2%	68.1%	84.7%	76.3%
Leverage	3.52	2.33	3.19	2.13
Gearing	0.13	0.39	0.68	0.66
Current Ratio (x)	1.18	1.29	1.23	1.37
Efficiency (%)	95.8%	79.7%	71.6%	76.0%
ROAA (%)*	-0.6%	1.3%	2.6%	2.7%
ROAE (%)*	-2.8%	5.2%	9.7%	9.9%

A-Actual Accounts

M-Management Accounts

* Annualized, if required

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Taurus Securities Limited
Sector	Brokerage
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
10/22/2025	A	A2	Stable	Reaffirmed
10/04/2024	A	A2	Stable	Maintained
08/17/2023	A	A2	Negative	Maintained
03/22/2022	A	A2	Stable	Reaffirmed
01/08/2021	A	A2	Stable	Reaffirmed
12/03/2019	A	A2	Stable	Reaffirmed
12/31/2018	A	A2	Stable	Reaffirmed
10/02/2017	A	A2	Stable	Reaffirmed
06/28/2016	A	A2	Stable	Reaffirmed
11/21/2014	A	A2	Stable	Reaffirmed
12/31/2013	A	A2	Stable	Reaffirmed
11/26/2012	A	A2	Stable	Upgrade
12/23/2011	A-	A2	Stable	Reaffirmed
1/3/2011	A-	A2	Stable	Reaffirmed

Instrument Structure	N/A
Statement by the Rating Team	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.
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Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Syed Zain Hussain	CEO	October 08, 2025
Mr. Iqbal Rasheed	Head of Internal Audit	