

BROKER MANAGEMENT RATING REPORT

Taurus Securities Limited

REPORT DATE:

June 28, 2024

RATING ANALYSTS:

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Rating Category	Latest Rating
Broker Management Rating	BMR2+
Rating Rationale	The rating signifies strong compliance and risk management. Sound external controls and internal control, HR and infrastructure and client relationship and adequate financial management and regulatory requirement.
Rating Date	June 28, 2024

APPLICABLE METHDOLOGY:

Broker Management Ratings:

<https://docs.vis.com.pk/Methodologies%202024/Broker-Management.pdf>

VIS Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

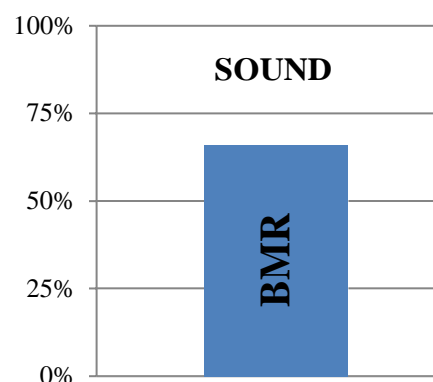
COMPANY INFORMATION

Incorporated in 1993	External auditors: BDO Ebrahim and Co. Chartered Accountants
Public Unlisted Company	Chairman of the Board: Mr. Muhammad Ismail Usuf
Key Shareholders (with stake 5% or more):	Chief Executive Officer: Mr. Syed Zain Hussain
<i>National Bank of Pakistan ~ 58.32%</i>	
<i>The Bank of Khyber ~ 30.0%</i>	
<i>Saudi Pak Industrial & Agricultural Inv. Co. Ltd.~ 8.33%</i>	

Corporate Profile

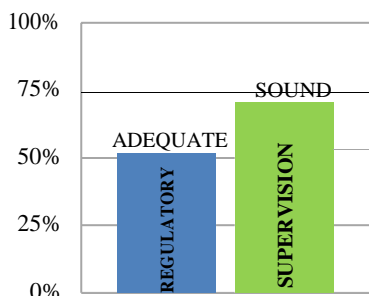
Taurus Securities Limited (TSL) is a public unlisted company incorporated in 1993, providing equity brokerage services and financial/economic data research analysis. Major shareholding of the company is vested with National Bank of Pakistan (NBP). The head office of the Company is located in Karachi, while a branch office is located in Peshawar. The Company provides both online and assisted trading services to its clients.

TSL is a public unlisted company holding Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), and is registered with SECP to provide Trading & Self Clearing Services. External auditors of the Company are BDO Ebrahim and Co. Chartered Accountants. External auditors belong to category ‘A’ on the approved list of auditors published by the State Bank of Pakistan (SBP).



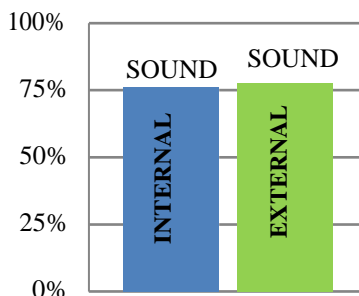
Rating Factors Scores

Regulatory Requirements & Supervision



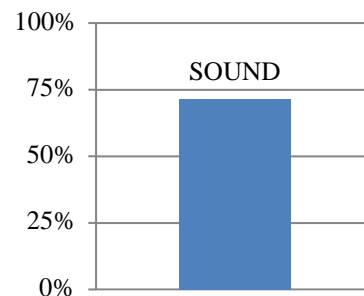
- Company continues to have strong sponsor support, with National Bank of Pakistan and Bank of Khyber as the major shareholders.
- The Company's board, at present, is represented by 8 members, inclusive of 4 independent directors, boding well for its governance framework.
- Company has three board committees in place namely audit, HR and risk.

Internal & External Control Framework



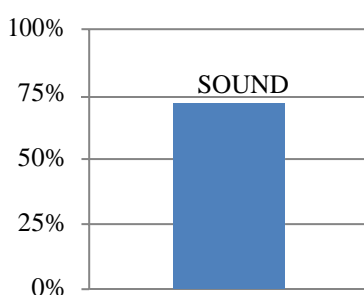
- Overall internal controls framework continue to remain sound. However, enhancing the overall scope of internal policies through frequent reviewing of the same may be considered.
- Increasing frequency of order recording and documenting internal control procedures may also be considered.
- External control framework is considered adequate, inclusion of director's report and CEO's statement the Company's annual financial statements may be considered in order to further strengthen disclosure levels.

Client Relationship & Fairplay



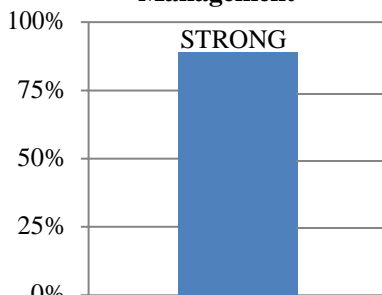
- Client servicing procedures and resources continue to remain sound. Availability of sms based complaint and tracking mechanism has been noted positively
- Company has an extensive research coverage disseminated to customer, albeit visibility of such research reports on website may be considered.

Client Relationship & Fairplay



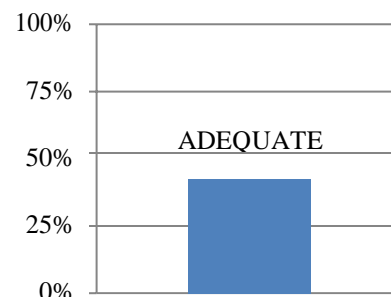
- Company HR &IT infrastructure continues to remain sound.
- Business continuity measures may be enhanced through increasing the frequency of exercising disaster recovery practices on periodic basis.
- Inclusion of independent risk management function may be considered to provide clarity in reporting line and strengthen the framework.

Compliance & Risk Management



- Overall, Company has strong compliance and risk management framework.
- No credit limits assigned to customers, indicative of a strong risk management framework.
- Reviewing non-compliant and suspicious trading activity on periodic basis may be considered.

Financial Management



- During CY23, profitability of the Company remained fairly stable. During the year, the Company's operating profile witnessed improvement on the back of increase in core brokerage income. The Company also reported a PAT of Rs.15.4m (CY22 -8.2m)
- Cost to income ratio however continues to remain on the higher side. Curtailment of administrative expenses and further improvement in operating profile may improve the same.
- Market risk continues to remain manageable.
- Liquidity profile witnessed improvement, liquid assets to total liabilities were recorded at 97% during CY23 (CY22 49%)
- During CY23, leverage indicator improved albeit remaining on the higher side at 2.27x (CY22 3.42x). Gearing indicator also increased although remaining manageable.
- Overall, business and financial sustainability of the Company remains adequate. Improvement in revenue streams, operational efficiency and capitalization will remain important for the rating.

REGULATORY DISCLOSURES**Appendix I**

Name of Rated Entity	Taurus Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	<u>RATING TYPE: BMR</u>			
	28/6/2024	BMR2+	Stable	Reaffirmed
	30/12/2022	BMR2+	Stable	Reaffirmed
	15/09/2021	BMR2+	Stable	Initial
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.			
Probability of Default	N/A			
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