

BROKER FIDUCIARY RATING REPORT

Taurus Securities Limited

REPORT DATE:

June 28, 2024

RATING ANALYSTS:

Syeda Batool Zehra Zaidi
batool.zaidi@vis.com.pk

RATING DETAILS

Broker Fiduciary Rating	BFR3+ <i>Good Fiduciary Standards</i>
Rating Rationale	The rating signifies strong ownership and governance and internal controls, sound management and client services and adequate business and financial sustainability.
Rating Date	June 28, 2024

COMPANY INFORMATION

Incorporated in 1993	External auditors: BDO Ebrahim and Co. Chartered Accountants
Public Unquoted Company	Chairman of the Board: Muhammad Ismail Usuf
	Chief Executive Officer: Syed Zain Hussain
Key Shareholders (with stake 5% or more):	
National Bank of Pakistan 58.3%~	
Bank of Khyber 30.0%~	
Saudi Pak Industrial and Agricultural Investment Company Limited – 8.3%~	

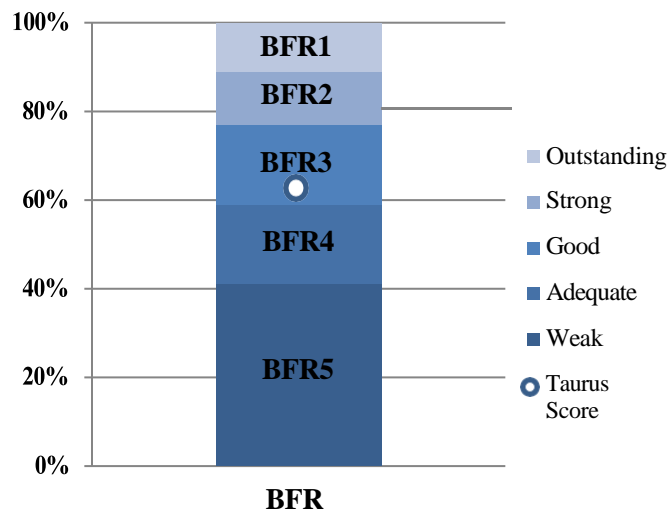
APPLICABLE METHODOLOGY

Applicable Rating Criteria: Broker Fiduciary Ratings:
<https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf>
VIS Rating Scale
<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Taurus Securities Limited

CORPORATE PROFILE OVERALL GRADING

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



TSL holds Trading Rights Entitlement Certificate (TREC) for Trading & Self Clearing Services granted by Pakistan Stock Exchange Limited (PSX). External auditors of the Company are M/s 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).

Business and Financial Sustainability Indicators

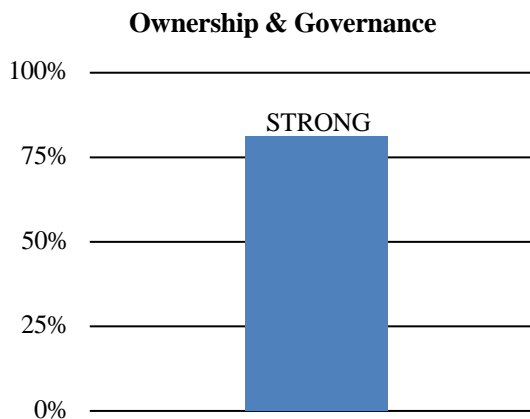
	CY23	CY22	CY21
Size of Net Worth (Rs. In Millions)	313	301	314
Gearing x (total interest bearing debt/ total equity)	0.39x	0.13x	0.68x
Leverage x (total liabilities/ total equity)	2.27x	3.42x	3.42x
Liquid Assets/ Total Liabilities (x)	0.97x	0.49x	0.77x
Short term Investments/ Total Equity (%)	5%	4%	51%

Taurus Securities Limited

Rating Indicators

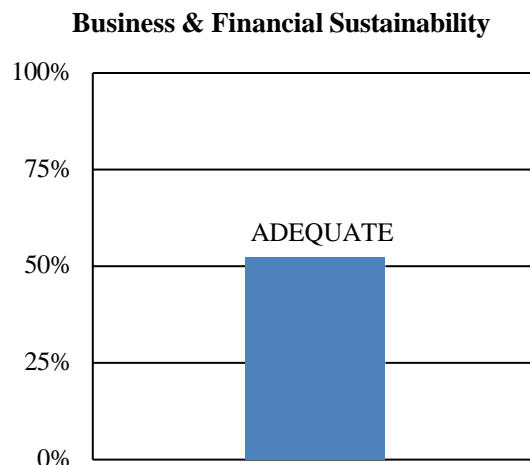
Ownership & Governance

- Company continues to have strong sponsor support, with National Bank of Pakistan and Bank of Khyber as the major shareholders.
- The Company’s board is represented by 8 members, including 4 independent directors, boding well for its governance structure.
- 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.



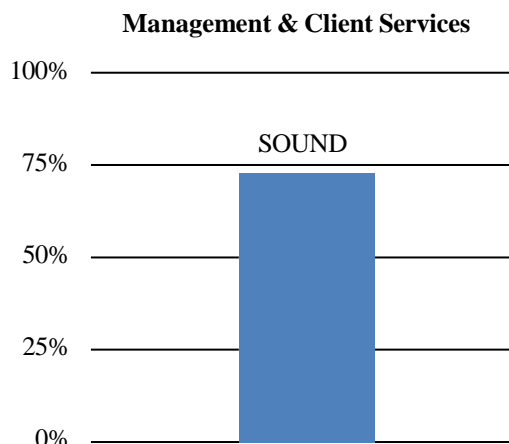
Business & Financial Sustainability

- 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.



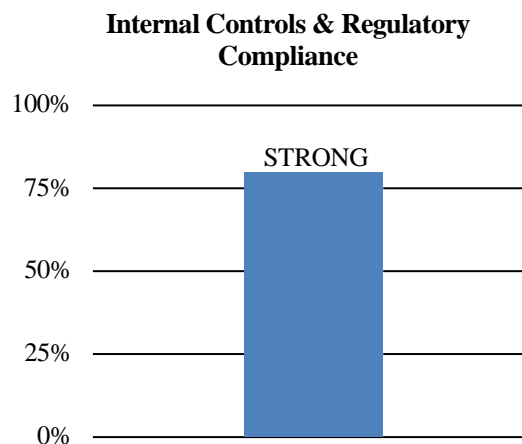
Management & Client Services

- Client servicing procedures and resources continue to remain sound. Availability of sms based complaint and tracking mechanism has been noted positively
- Company’s organizational structure is well defined with IT policies and procedures in place along with presence of fully integrated ERP platform.
- Business continuity measures may be enhanced through increasing the frequency of exercising disaster recovery practices on periodic basis.



Internal Controls & Regulatory Compliance

- Overall internal controls and regulatory compliance procedures continue to remain strong. However, enhancing the overall scope of internal policies may be considered.
- Reviewing non-compliant and suspicious trading activity on periodic basis may be considered.
- Increasing frequency of order recording and documenting internal control review procedures may also be considered.



Broker Fiduciary Rating Explained

In Securities Broker Fiduciary Rating (SBF), the strength of fiduciary role of the securities brokers is captured through the relative financial strength of the securities broker firm and its sponsors along with depth of internal control and governance framework, which are key rating ingredients. Responsiveness of the risk and internal control structure, quality of HR and soundness of the business infrastructure determine the strength of management and level of service quality of a stock broker. VIS Credit Rating Co. Ltd. (VIS) has developed a rating system that evaluates brokerage firms on the basis of such practices and the systems instituted to safeguard investor interests are at the forefront.

Taurus Securities Limited

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Entity	Taurus Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Fiduciary Rating (BFR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BFR			
	28/6/2024	BFR3+	Stable	Reaffirmed
	30/12/2022	BFR3+	Stable	Upgrade
	15/9/2021	BFR3	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			
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2024 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			