

## BROKER FIDUCIARY RATING REPORT

### Pearl Securities Limited

**REPORT DATE:**

May 11, 2026

**RATING ANALYSTS:**

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#### RATING DETAILS

<b>Broker Fiduciary Rating</b>	<b>BFR3</b>
<b>Rating Rationale</b>	The rating signifies sound management & client services and internal controls & regulatory compliance. Whereas, ownership & governance as well as business & financial stability is considered adequate.
<b>Rating Date</b>	May 11, 2026

#### COMPANY INFORMATION

<b>Incorporated in 2000</b>	<b>External auditors:</b> Junaidy Shoaib Asad Chartered Accountants
<b>Public Unlisted Company</b>	<b>Chairman of the Board:</b> Syed Alamgir Shah
<b>Key Shareholders (with stake 5% or more):</b>	<b>Chief Executive Officer:</b> Ms. Farah Zubair
- Government of Khyber Pakhtunkhwa – GPI Fund – 39.3%	
- Mrs. Fatima Usman – 30.7%	
- Mr. Amir Nazeer Dhedi – 13.50%	
- Mr. Muhammad Arfeen Dhedi – 13.50%	

#### APPLICABLE METHODOLOGY

*Applicable Rating Criteria: Broker Fiduciary Ratings*

[docs.vis.com.pk/Methodologies-2025/BrokerFiduciaryRating-Nov25.pdf](https://docs.vis.com.pk/Methodologies-2025/BrokerFiduciaryRating-Nov25.pdf)

#### APPLICABLE RATING SCALE(S)

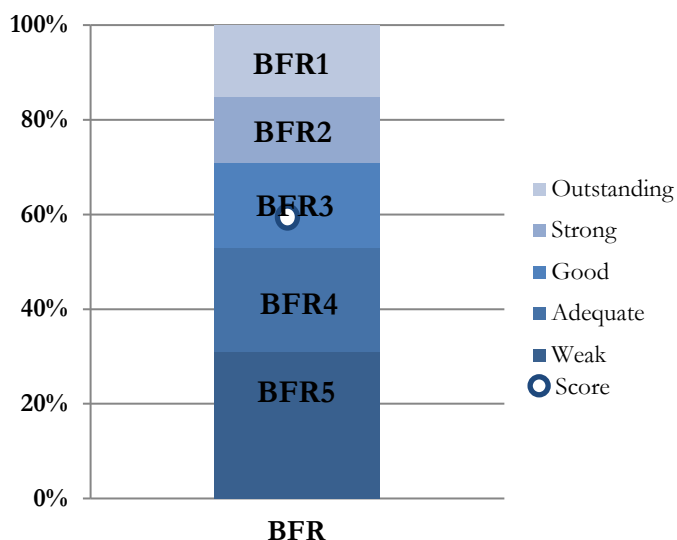
**VIS Issue/Issuer Rating Scale:**

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

**Pearl Securities Limited**

**CORPORATE PROFILE OVERALL GRADING**

Incorporated in 2000, Pearl Securities Limited (PSL) is engaged in provision of equity, commodities, money market & interbank foreign exchange brokerage services. Majority shareholding of the Company is vested with Government of Khyber Pakhtunkhwa-GPI Fund and Ms. Fatima Usman. Presently, the Company operates through its head office based in Karachi and six branches in the provinces of Sindh, Punjab and KP.



The Company holds a Trading Right Entitlement Certificate (TREC) from PSX for Trading and Self-Clearing Services and a member of Pakistan Mercantile Exchange Limited (PMEX). External auditors of the company changed from M/s Crowe Hussain Chaudhry & Co. Chartered Accountants to Junaidy Shoaib Asad Chartered Accountants. Auditors belong to category 'B' on the approved list of auditors published by the State Bank of Pakistan (SBP).

**Business and Financial Sustainability Indicators**

	1HFY26*	FY25	FY24
<b>Total Equity (Rs. In Millions)</b>	601.1	423.1	224.1
<b>Gearing x (total interest-bearing debt/ total equity)</b>	1.02x	1.71x	5.61x
<b>Leverage x (total liabilities/ total equity)</b>	2.18x	2.91x	8.25x
<b>Liquid Assets/ Total Liabilities (x)</b>	0.69x	0.69x	0.23x
<b>Short term Investments/ Total Equity (%)</b>	87.7%	91.5%	90.3%

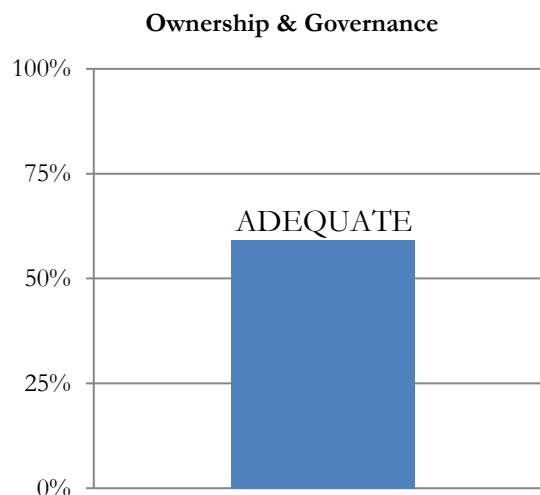
*\*Unaudited Accounts*

**Pearl Securities Limited**

**Rating Indicators**

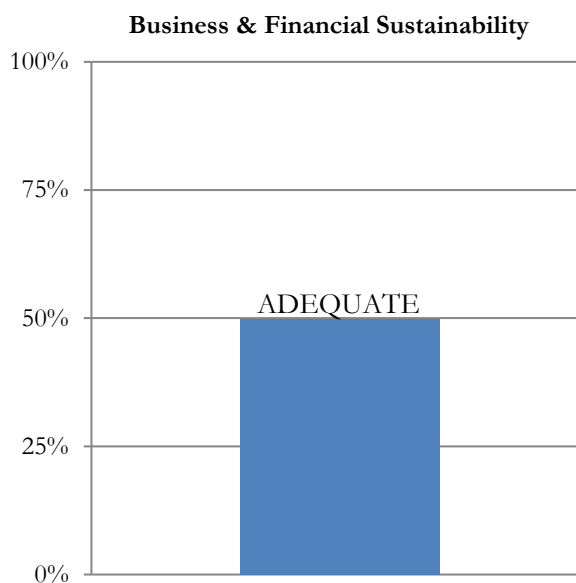
**Ownership & Governance**

- PSL’s Board comprises five members, including two nominees and one independent director.
- The Company has three board committees, namely Audit, Investment, and HR. However, each committee comprises only two members.
- Expansion of the Board, along with inclusion of independent and certified directors, as well as an increase in committee membership, may further strengthen the Company’s governance framework.
- Disclosure practices may be enhanced through inclusion of the CEO’s statement on the absence of fraudulent and illegal transactions and a statement of compliance with corporate governance in the published annual reports on the website.
- The Company’s change in auditor from an A-rated firm to a B-rated firm has weighed on its governance framework.



**Business & Financial Sustainability**

- During FY25, brokerage revenue of the Company increased by ~27% to PKR 197.3m (FY24: PKR 155.7m), in line with the overall positive industry trend, with the same momentum continuing into 1HFY26 as well.
- Despite an increased operating revenue, cost-to-income ratio has weakened to 53.8% in 1HFY26 (FY25: 46.3%, FY24: 34.9%). Nevertheless, the cost-to-income remains at fair level.
- The Company’s liquid assets coverage against total liabilities stands at 0.69x. as at Dec’25 (Jun’25: 0.69x, Jun’24: 0.23x), providing adequate coverage.
- The Company’s short-term investments relative to equity stands at 87.7% as at Dec’25 (Jun’25: 91.5%, Jun’24: 90.3%), reflective of a heightened market risk.
- Capitalization metrics have demonstrated a considerable improvement, with gearing and leverage coming in at 1.02x and 2.18x as at Dec’25 (Jun’25: 1.71x and 2.91x, Jun’24: 5.61x and 8.25x).
- Going forward, further improvement in capitalization metrics, liquidity profile, management of market risk and maintenance of operational efficiency will remain important for the rating.



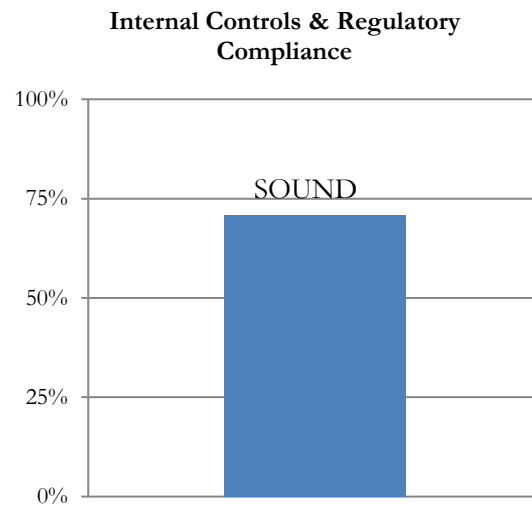
**Management & Client Services**

- Overall management and client services are considered sound, with provision of mobile and web-based trading platforms to facilitate clients in executing transactions. However, The Company may consider revamping its website to enhance user experience and client engagement.
- Deployment of a fully integrated ERP platform may further enhance the Company’s operational processes.
- The Company’s contingency framework may be further strengthened through outsourcing offsite data backups to a third-party warehouse, along with increasing the frequency of disaster recovery exercises.



**Internal Controls & Regulatory Compliance**

- While internal policies are in place, the Company may consider broadening their scope to further strengthen the internal control framework.
- In addition, increasing the frequency of internal audit reviews may further support strengthening of internal controls.
- Rating takes note of PSX order dated May 04, 2026, against which, as per management, the Company is in the process of filing an appeal. Going forward, ensuring compliance with all applicable regulations will be important from the rating’s perspective.



***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.*

**Pearl Securities Limited**

<b>REGULATORY DISCLOSURES</b>		<b>Appendix I</b>			
<b>Name of Rated Entity</b>	Pearl Securities Limited				
<b>Sector</b>	Brokerage				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Broker Fiduciary Rating (BFR)				
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>	
	<b>RATING TYPE: BFR</b>				
	11-May-26	BFR3	Stable	Reaffirmed	
	16-Jan-25	BFR3	Stable	Initial	
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	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.				
<b>Probability of Default</b>	N/A				
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