

## TOPLINE 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	A1	A	A1
RATING OUTLOOK/ WATCH	Positive		Stable	
RATING ACTION	Maintained		Reaffirmed	
RATING DATE	December 22, 2025		November 25, 2024	

## Shareholding (5% or More)

Mohammad Sohail – 71%  
Haroon Fattani – 22%

## Other Information

Incorporated in 2001  
Public Unlisted Company  
Chief Executive Officer: Muhammad Sohail  
External Auditor: Naveed Zafar Ashfaq Jaffery 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 revision in the outlook is based on the consistent improvement in profitability and a sizeable equity base, supported by an increase in the Company's operating revenue. While the revenue mix remains dominated by equity brokerage, the presence of advisory segment supports revenue diversification. Market risk remains minimal, given that investments are primarily deployed in the ready/future segment. The liquidity profile is assessed as sound, while capitalization profile is supported by the Company's equity position and low reliance on debt.

The business risk of the Company remains high, given its presence in the brokerage industry, which is characterized by inherent volatility, intense competition, and strong regulatory oversight. Going forward, sustained growth in revenue and profitability, along with the maintenance of liquidity and capitalization metrics, will remain important rating considerations.

## Company Profile

Topline Securities Limited (TSL) was incorporated under the Repealed Companies Ordinance 1984. The company is a TRE certificate holder of Pakistan Stock Exchange. The Company is also a license holder of Pakistan Mercantile Exchange. The Company's registered office is situated at Horizon Tower, Karachi. Topline Securities Limited (TSL) is engaged in the business of stock brokerage, commodity brokerage, underwriting, consultancy, book building, and advisory services. The majority Shareholding of the Company is primarily vested with Mr. Mohammad Sohail, who also serves as the Chief Executive Officer (CEO) of the company. The company provides both online and physical trading services to local and foreign clients.

## Management and Governance

### Shareholders/Owners/Sponsors

Major shareholding of the Company is vested with Mr. Muhammad Sohail (71%), who serves as the CEO of the company. Mr. Haroon Fattani has 22% ownership in the company. Mr. Mohammad Sohail serves as the Company's Chief Executive Officer. Mr. Mohammed Sohail has almost 27 years of experience in Pakistan's capital markets, research, broking and investment banking. He is a Certified Director of Pakistan Institute of Corporate Governance (PICG). Mr. Sohail has remained Director of Pakistan Stock Exchange (PSX), Pakistan Mercantile exchange (PMEX), and Director of Central Depository Company of Pakistan. Mr. Haroon Fattani sits in the board of directors of the Company as a non-executive director, with 32 years' experience in Pakistan Capital Markets.

### Corporate Governance

The governance framework of the Company is considered sound. At present, the Company's board consists of seven directors, with two independent directors on the board. Additionally, the Company has five board committees namely audit, HR, risk management, nomination, and investment committee, providing support to the Company's governance framework.

### Management, Internal controls & IT

The Company has an ERP platform acquired from VisionMax (Pvt.) Limited, which is in place for its back-office operations, which serves as a back-office automation system covering client interfacing, accounts, settlements, and ledgers. For online trading platforms, the Company utilizes Vtrade software from VisionMax (Pvt.) Limited as well as KITS web-based platform acquired from Pakistan Stock Exchange (PSX).

During the period, the Company further enhanced operational automation, including payroll processing and employee data management. To strengthen its call recording capabilities, a new IP phone system was deployed, enabling easier monitoring of call logs and improved call data analysis. For Roshan Digital Account (RDA) clients, the RDA portal was integrated with the PSX system, enabling automated account openings. Additionally, the Company implemented the PMEX online account opening portal, allowing new PMEX clients to open accounts virtually.

The Company maintains Know Your Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in line with Securities and Exchange Commission of Pakistan (SECP) guidelines, all of which have been fully 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 cyclicity, 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.

The IPO market in Pakistan showed notable activity in FY25, raising PKR 4.4bn across four offerings on the Main and GEM Boards, albeit lower than FY24, which recorded over PKR 6.0b raised across six listings in both boards. Main Board IPOs in FY25 came from sectors such as Pharmaceuticals, Technology and Communications, and Food and Personal Care, with BF Biosciences Ltd. raising PKR 1.93bn, Zarea Ltd. raising PKR 1.03bn, and Barkat Frisian Agro Ltd. raising PKR 1.23bn. GEM Board listings included The Pakistan Credit Rating Agency Ltd. (PKR 112mn) and Burj Clean Energy Modaraba (PKR 100mn). In addition, right share issues in 2025 raised PKR 7.7bn, showing continued activity in capital markets. Going forward, given the Improved liquidity and macroeconomic condition, IPO activity is expected to remain strong in FY26.

## Financial Risk

### CAPITAL STRUCTURE

The Company's equity base continues to be supported by sustained profitability, reaching PKR 1,684.5m as at Sept 30, '25 (Jun 30, '25: PKR 1,600.5m, Jun 30, '24: PKR 1,388.8m). The Capitalization profile of the Company draws further support from its small quantum of debt, which consist of only short-term borrowings, with gearing ratio standing at 0.17x as at Sept 30, '25 (Jun 30, '25: 0.00x, Jun 30, '24: 0.00x). However, the leverage indicator has increased on timeline basis, which was recorded at 1.31x (Jun 30, '25: 0.45x, Jun 30, '24: 0.32x), primarily due to increase in trade payables. Liquid Capital Balance (LCB) of the Company stood at PKR 1,056.7 as at Sept 30, '25 (Jun 30, '25: PKR 1,204.4m, Jun 30, '24: PKR 919.5m). Going forward, maintenance of the capitalization profile will remain important for ratings.

### PROFITABILITY

During FY25, the Company's operating revenue increased by ~21% to PKR 664.4m (FY24: PKR 548.2m), primarily driven by a ~52% rise in gross brokerage income to PKR 634.7m (FY24: PKR 417.5m) amid strong trading activity in the stock market. Within the brokerage segment, foreign institutional clients gained traction, accounting for ~45% of brokerage revenue, while domestic institutional clients contributed ~33% and the remaining revenue was generated from retail clients, reflecting stability in revenues. The Company has a notable foreign and institutional client base, which has supported overall brokerage revenue. Looking ahead, assuming continued market activity, brokerage revenue is expected to remain supported.

Income from advisory operations, a forte of the company, increased to PKR 65.3m (FY24: PKR 39.2m), reflecting a rise of ~67%. Management has disclosed that they have ten mandated transactions, which is expected to support advisory income, going forward.

The positive trend in operating revenue continued into 3MFY26, with revenue of PKR 183.7m (3MFY25: PKR 130.6m), representing a year-on-year increase of ~41%. The cost-to-income ratio, which increased to 59.4% in FY25 (FY24: 49.8%), declined to 51.8% in 3MFY26, reflecting improved operational efficiency. On average, the Company's cost-to-income ratio stood at 55.7% (FY21-3MFY26), supporting consistent profitability over the period. Net profit for FY25 was PKR 276.7m (FY24: PKR 218.1m), while profit after tax for 3MFY26 amounted to PKR 84.1m (3MFY25: PKR 82.7m). Going forward, maintaining profitability while broadening the revenue base will remain important from a ratings perspective.

### CREDIT RISK

As at Sept 30, '25, the Company's trade debts stood at PKR 677.9m (Jun 30, '25: PKR 166.9m; June 30, '24: PKR 377.4m). The aging profile of receivables remains satisfactory. IDS clients account for ~44% of the brokerage revenue, which provides comfort to the Company's credit risk profile. Furthermore, in order to manage exposure to credit risk, the Company has risk management policies and guidelines in place whereby clients are provided trading limit according to their worth and proper margins are collected and maintained from clients. The Company also obtains collateral from its clients to further mitigate credit exposure. The credit exposures to clients are subject to continuous monitoring and provisions are made against those doubtful of recovery.

### MARKET RISK

As at Sept 30, '25, TSL's short term investments stood at PKR 984.0m (Jun 30, '25: Rs 1,132.1m, Jun 30, '24: PKR 641.7m) representing ~58% of the Company's equity base. It is pertinent to mention that ~96% of these investments are deployed in ready-futures arbitrage, while the remaining portion is invested in open-end money cash funds, thereby reducing the Company's overall market risk exposure.

### LIQUIDITY RISK

As at Sept'30, '25, the Company's liquid assets, comprising NCCPL deposits, short term investments and cash balances, amounted to PKR 3,037.5m (Jun 30, '25: PKR 1,971.5m, Jun 30, '24: PKR 1,259.5m), covering 1.4x of total liabilities (Jun 30, '25: 2.76x, Jun 30, '24: 2.91x), Reflecting a sound liquidity position, despite a decline in coverage over time.

FINANCIAL SUMMARY (amounts in PKR millions)					Appendix I
BALANCE SHEET	FY22A	FY23A	FY24A	FY25A	3MFY26M
Trade Debts	333.7	140.9	377.4	166.9	677.9
Deposits and Prepayments	19.7	42.4	309.4	343.5	334.6
Short Term Investments	464.0	466.6	641.7	1132.1	984.0
Cash and Bank balances	343.4	438.7	327.9	500.1	1728.8
Total Assets	1427.5	1468.8	1826.8	2315.7	3888.0
Trade and Other Payables	208.3	245.3	432.5	701.7	1905.7
Long Term Loans	0.0	0.0	0.0	0.0	0.0
Short Term Loans	95.0	0.0	0.0	0.0	279.5
Total Liabilities	307.2	247.9	438.0	715.3	2203.5
Paid up Capital	150.0	150.0	150.0	150.0	150.0
Net Worth	1,120.8	1,220.9	1,388.8	1,600.5	1,684.5
INCOME STATEMENT	FY22A	FY23A	FY24A	FY25A	3MFY26M
Operating Revenue	442.2	350.5	548.2	664.4	183.7
Operating Expenses	239.4	225.2	312.2	455.0	110.3
Finance Cost	8.6	8.0	11.6	21.5	9.9
Profit Before Tax	236.5	195.7	298.3	389.9	116.1
Profit After Tax	172.3	150.4	218.1	276.7	84.1
RATIO ANALYSIS	FY22A	FY23A	FY24A	FY25A	3MFY26M
Liquid Assets to Total Liabilities (%)	266.4%	381.3%	290.9%	275.6%	137.8%
Liquid Assets to Total Assets (%)	57.3%	64.3%	69.8%	85.1%	78.1%
Current Ratio (x)	3.82	4.48	3.81	3.03	1.69
Debt Leverage (x)	0.27	0.20	0.32	0.45	1.31
Gearing (x)	0.08	0.00	0.00	0.00	0.17
Efficiency (%)	56.7%	57.7%	49.8%	59.4%	51.8%
ROAA (%)	12.6%	10.4%	13.2%	13.4%	10.8%
ROAE (%)	16.3%	12.8%	16.7%	18.5%	20.5%

A - Actual Accounts

M - Management Accounts

\*Annualized

## REGULATORY DISCLOSURES

## Appendix II

Name of Rated Entity	Topline 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				
	12/22/2025	A	A1	Positive	Maintained
	11/25/2024	A	A1	Stable	Reaffirmed
	07/24/2023	A	A1	Stable	Reaffirmed
	04/12/2022	A	A1	Stable	Upgrade
	03/19/2021	A	A2	Stable	Upgrade
	04/24/2020	A-	A2	Positive	Maintained
	01/18/2019	A-	A2	Stable	Reaffirmed
	07/19/2017	A-	A2	Stable	Reaffirmed
03/22/2016	A-	A2	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.				
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Due Diligence Meetings Conducted	Name		Designation		Date
	Mr. Muhammad Sohail		CEO		November 28, 2025
	Mr. Khalid Mahmood		CFO and Company Secretary		