

BROKER MANAGEMENT RATING REPORT

Topline Securities Limited

REPORT DATE:

May 29, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk

Rating Category	Latest Rating
Broker Management Rating	BMR2++
Rating Rationale	The rating signifies sound compliance levels, financial management and internal control, HR and external control environment is robust, compliance and risk management frameworks are effective; IT, customer service, regulatory requirement and supervision framework are also sound.
Rating Date	May 29, 2025

COMPANY INFORMATION

Incorporated in 2001	External auditors: M/s Naveed Zafar Ashfaq Jaffery & Co. – Chartered Accountants
Public Unlisted Company	Chairman of the Board: Mrs. Sabahat Sohail
Key Shareholders (with stake 5% or more):	Chief Executive Officer: Mr. Mohammad Sohail
Mr. Mohammad Sohail ~ 70.9%	
Mr. Haroon Fatani ~ 22.3%	
Mrs. Farzana Haroon ~ 5.3%	

APPLICABLE METHODOLOGY & RATING SCALES

Applicable Rating Criteria: Broker Management Ratings

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

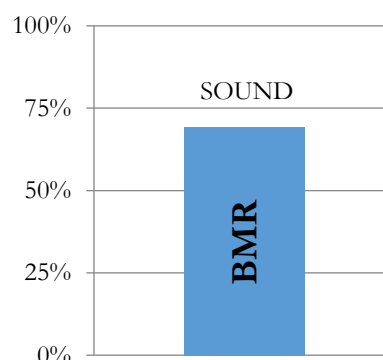
VIS Issue/Issuer Rating Scale:

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

Corporate Profile

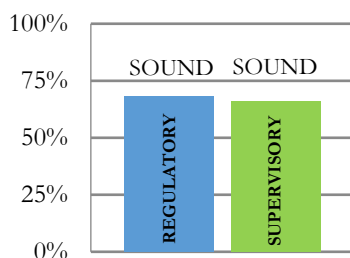
Topline Securities Limited (TSL) is engaged in the business of stock brokerage, commodity brokerage, underwriting, consultancy, book bidding, and advisory services. Shareholding of the Company is primarily vested with Mr. Mohammad Sohail, who also serves as the CEO of the Company. The Company provides both online and assisted trading services to local and foreign clients.

TSL is a public unlisted company holding Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX) as well as membership in Pakistan Mercantile Exchange Limited (PMEX). External auditors of the company are M/s Naveed Zafar Ashfaq Jaffery & Co. – Chartered Accountants, which are “A” rated on the SBP’s panel of auditors.



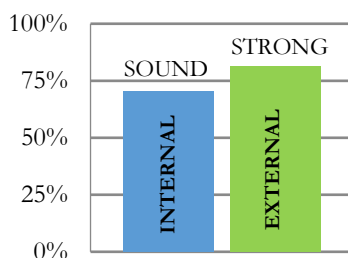
Rating Factors Scores

Regulatory and Supervision Framework



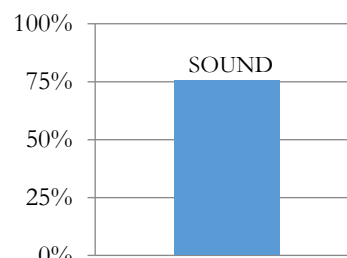
- The board size of the Company commensurate with the size of its operation, comprising seven members, with two independent representatives.
- The Company has five board committees, namely Audit, HR, Risk Management, Nomination, and Investment, providing support to the Company's governance framework.

Internal & External Control Framework



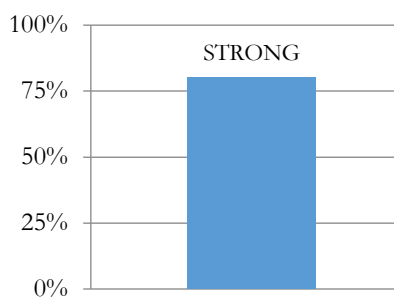
- Internal control framework of the Company is considered sound.
- External control framework of the Company is supported by its sound disclosure levels.

Client Relationship & Fairplay



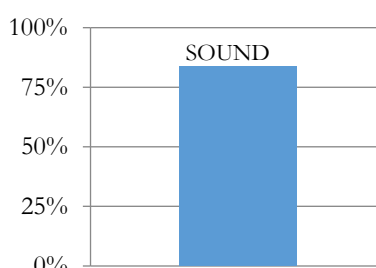
- The Company maintains a sound management and client services function, supported by various facilitation tools and resources to ensure seamless trade execution. Notably, no customer complaints were reported during the quarter ended March 2025.
- Additionally, the Company disseminates research materials across various social media platforms to assist clients in making informed investment decisions.

HR & Infrastructure



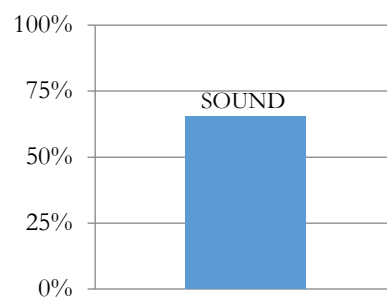
- The Company's HR & Infrastructure framework is supported by a fully integrated ERP platform and an organizational structure that aligns with the scale of its operations.
- Contingency measures of the Company are in place, with offsite backups at their own control as well as outsourced to third party warehouse

Compliance and Risk Management



- Compliance and risk management of the Company is considered sound, with independent compliance and internal audit departments and frequent reviews of non-compliant and suspicious transactions.

Financial Management



- During FY24, the Company experienced a healthy growth of ~69%, led by a strong growth of ~77% in brokerage revenue amid an increase in overall industry volumes. This growth trend extended into 9MFY25.
- Despite the rise in revenues, the Company's operational efficiency weakened slightly in 9MFY2, with cost-to-income ratio at ~57% (FY24: ~50%, FY23: ~57%).
- The Company's short-term investments relative to equity stood at ~84% as at Mar'25 (Jun'24: ~46%, Jun'23: ~38%). Notably, these investments are primarily allocated to ready/future segment, money market funds, and government securities, which are shielded from market risk.
- Liquidity profile of the Company is considered sound.
- Capitalization indicators of the Company deteriorated, with gearing and leverage ratio at 0.31x and 0.76x as at Mar'25 (Jun'24: 0x and 0.32x, Jun'23: 0x and 0.20x) respectively.
- Going forward, continued enhancement in revenue and profitability as well as maintenance of liquidity and capitalization indicators will be important for rating.

REGULATORY DISCLOSURES				Appendix I
Name of Rated Entity	Topline 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>			
	29/05/2025	BMR2++	Stable	Reaffirmed
	21/03/2024	BMR2++	Stable	Upgrade
	12/10/2022	BMR2+	Stable	Reaffirmed
	24/6/2021	BMR2+	Stable	Reaffirmed
	14/5/2020	BMR2+	Stable	Upgrade
	6/2/2019	BMR2	Stable	Reaffirmed
	11/7/2017	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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