

BROKER FIDUCIARY RATING REPORT

Foundation Securities (Private) Limited

REPORT DATE:

September 22, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk

RATING DETAILS

Broker Fiduciary Rating**BFR3++***Good Fiduciary Standards***Rating Rationale**

The rating signifies strong management and client services as well as internal controls and regulatory compliance. Ownership and governance, and business and financial stability is adequate.

Rating Date

September 22, 2025

COMPANY INFORMATION

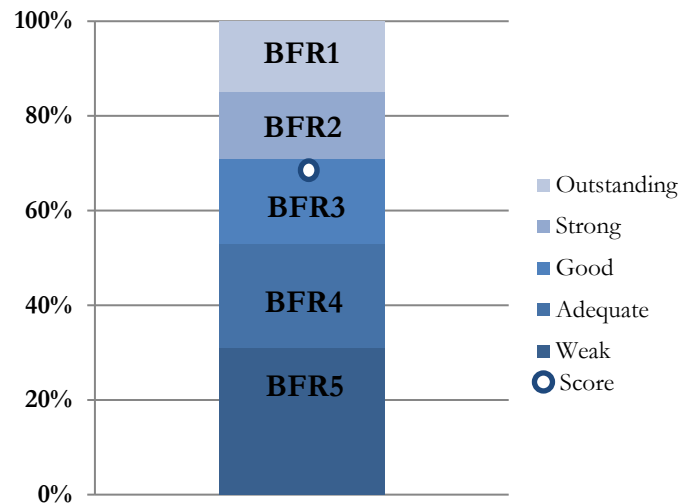
Incorporated in 2005**External auditors:** Grant Thornton Anjum Rahman**Private Limited Company****Chief Executive Officer:** Syed Ahmad Abbas Zaidi**Key Shareholders (with stake 5% or more):****Chairman of the Board:** Mr. Aziz Ikram*Askari Bank Limited ~ 51.0 %**Fauji Foundation Pakistan ~ 49.0%*

APPLICABLE METHODOLOGY

Applicable Rating Criteria: Broker Fiduciary Ratings<https://docs.vis.com.pk/docs/BrokerFiduciary012021.pdf>**VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Foundation Securities (Private) Limited
CORPORATE PROFILE

Incorporated in 2005, Foundation Securities Private Limited (FSL) is a subsidiary of Askari Bank Limited. Fauji Foundation, a co-sponsor of the Company, has strategic investments in various sectors including fertilizer, power, cement, infrastructure, banking, financial services, consumer goods, oil & gas and others. FSL is primarily engaged in retail and institutional equity brokerage services with marginal presence in commodity segment. FSL has a strategic relationship with Macquarie Capital Securities Limited; an affiliate of global financial institution Macquarie Group. The partnering arrangement focuses on in-bound and out-bound equity markets transactions besides other areas including mergers and acquisitions, and corporate finance advisory work. Presently, the Company runs its operations through its head office based in Karachi along with branches in Pakistan Stock Exchange Karachi, Lahore, Islamabad and Rawalpindi.

OVERALL GRADING


The Company holds a Trading Right Entitlement (TRE) certificate issued by the Pakistan Stock Exchange Limited (PSX), holding a Trading & Self- Clearing license and license of Pakistan Commodity Exchange (PMEX). External auditors are Grant Thornton Anjum Rahman Chartered Accountants. External auditors are on the approved list of auditors in category 'A', published by the State Bank of Pakistan (SBP). During the year 2024, the Company changed its accounting period to January–December to align with its holding company's fiscal year.

Business and Financial Sustainability Indicators

	6MCFY25*	CY24	CY23
Size of Net Worth (Rs. In Millions)	1,049.2	1,016.7	814.4
Gearing x (Total interest-bearing debt/ Total equity)	0.48x	0.07x	0.11x
Leverage x (Total liabilities/ Total equity)	2.77x	3.09x	2.01x
Liquid Assets/ Total Liabilities (x)	1.12x	1.12x	1.03x
Short term Investments/ Total Equity (%)	3.58%	3.66%	1.68%

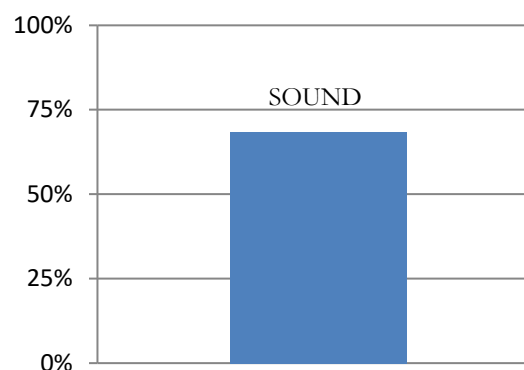
*Unaudited Accounts

Foundation Securities (Private) Limited

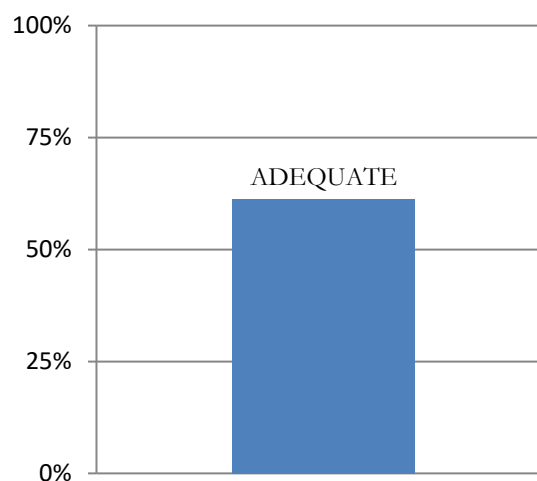
Rating Indicators

Ownership & Governance

- The strong profile of the sponsors continues to support the Company's rating.
- The Board of Directors is represented by five members, with no independent representation. Additionally, the Company has two board committees, namely the Audit Committee and the HR Committee.
- Induction of independent and certified directors, along with an expansion in the number of board committees, may further strengthen the Company's governance framework.
- Disclosure levels of the Company are considered sound.

Ownership & Governance**Business & Financial Sustainability**

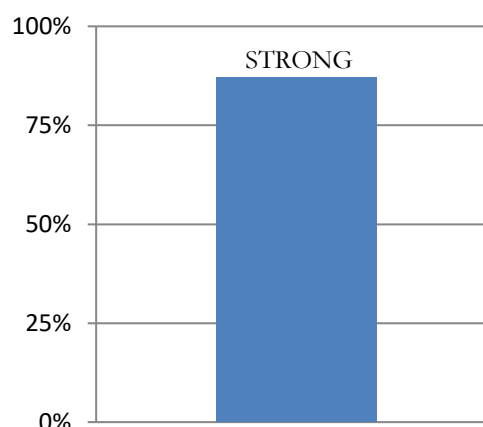
- During CY24 and 6MCY25, the Company exhibited growth in brokerage revenue, in line with overall positive industry trend, with brokerage segment dominating the revenue mix.
- Cost-to-income ratio of the Company was recorded at ~60% in 6MCY25 (CY24: ~59%, CY23: ~70%).
- Market risk is considered low, given the Company's limited involvement in proprietary operations.
- The liquidity profile is assessed as adequate, with liquid assets coverage against total liabilities at 1.12x as at Jun'25 (Dec'24: 1.12x; Dec'23: 1.03x).
- Gearing increased to 0.48x as at Jun'25 (Dec'24: 0.07x; Dec'23: 0.11x), while leverage remained elevated at 2.77x (Dec'24: 3.09x; Dec'23: 2.09x), mainly due to higher payables, largely reflecting customer assets held with banks.
- Going forward, revenue diversification, alongside improvement in efficiency, liquidity and capitalization profile will be important for the rating.

Business & Financial Sustainability

Management & Client Services

- Overall, management and client services of the Company remain strong, supported by provision of customer facilitation tools and online trading platforms.
- Investor grievance procedures may be enhanced for greater visibility on the website.
- Utilizing advertisements and undertakings may be considered to enhance customer reach.
- The Company has contingency measures in place, including offsite backups under their control as well as outsourced to a third-party warehouse

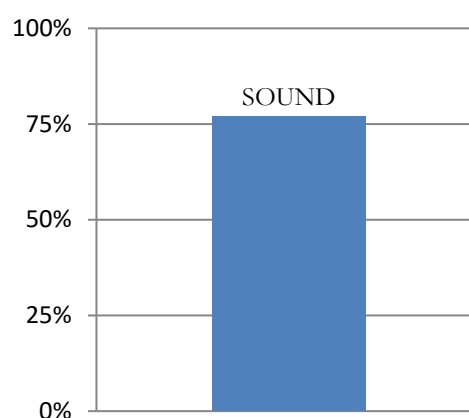
Management & Client Services



Internal Controls & Regulatory Compliance

- While internal policies of the Company are in place, enhancement in the scope of these policies may further enhance the internal control framework of the Company.
- Ensuring compliance with all applicable regulations will be important for the rating.

Internal Controls & Regulatory Compliance



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.

Foundation Securities (Private) Limited

REGULATORY DISCLOSURES				Appendix I
Name of Rated Entity	Foundation Securities (Private) 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			
	09/22/2025	BFR3++	Stable	Reaffirmed
	10/17/2024	BFR3++	Stable	Reaffirmed
	09/13/2023	BFR3++	Stable	Upgrade
	02/22/2022	BFR3+	Rating Watch - Developing	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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