

BROKER MANAGEMENT RATING REPORT

Insight Securities (Pvt.) Limited

REPORT DATE:

June 16, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk**APPLICABLE METHDOLOGY:**

Broker Management Ratings:

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

VIS Rating Scale

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

Rating Category	Latest Rating
Broker Management Rating	BMR2
Rating Rationale	The rating signifies strong compliance and risk management and sound external control, HR & infrastructure, and financial management. Regulatory requirement & supervision, internal controls and client relationship are considered adequate.
Rating Date	June 16, 2025

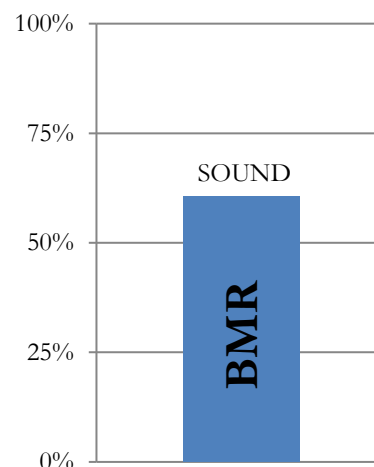
COMPANY INFORMATION

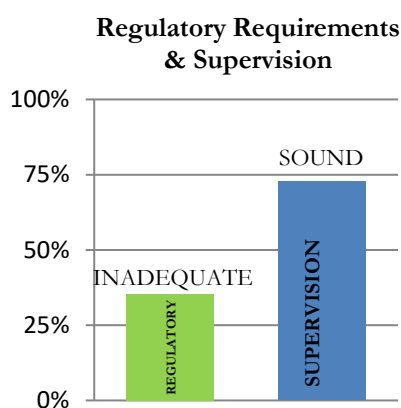
Incorporated in 2006	External auditors: Grant Thornton Anjum Rehman Chartered Accountants
Private Limited Company	Board Chairman: Mr. Muhammad Amin
Key Shareholders (with stake 5% or more):	CEO: Mr. Zubair Ghulam Hussain
Mr. Zubair Ghulam Hussain ~ 41.67%	
Mrs. Munira Ghulam Hussain ~ 58.33%	

Corporate Profile

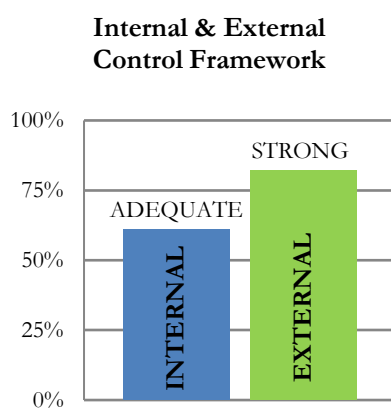
Insight Securities (Pvt.) Limited is a private limited company incorporated in 2006, providing equity brokerage services to institutional as well as individual clients, in both local and international markets. Major shareholding of the Company is vested with two individuals including the CEO. The Company operates from Karachi and provides both online and assisted trading services to its clients.

Insight Securities (Pvt.) Limited holds Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), and is registered with SECP to provide Trading & Self Clearing Services. External auditors of the company are Grant Thornton Anjum Rehman Chartered Accountants. External auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).

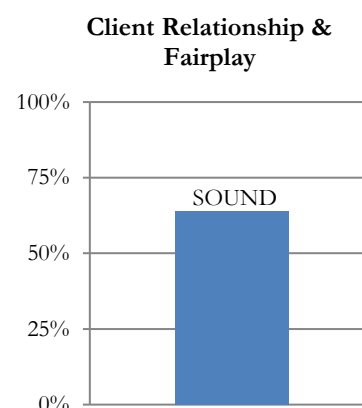


Rating Factors Scores


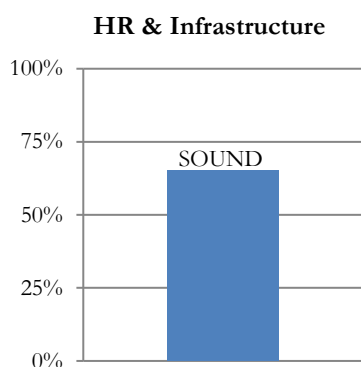
- The Company's governance framework is constrained by its small board size, with only three members and no independent representatives. Increasing the board size, coupled with the addition of independent directors and certified members, may improve the overall governance framework of the Company.
- At present, the Company has only two board committees namely audit and investment. Increasing the board size will also enable in establishing more board committees.



- Overall, internal control framework is considered adequate, with documented policies in place. Additionally, increase in frequency of internal audit reviews for order recording system has been noted
- However, enhancement in the scope of these policies may be considered for further improvement in the internal control framework of the Company.
- External control framework is supported by the strong disclosure levels.



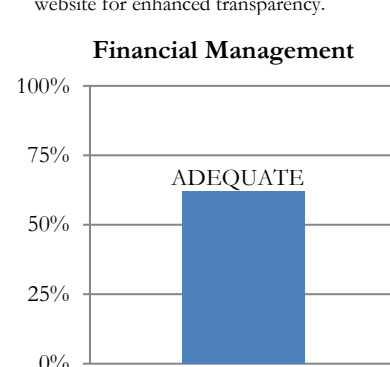
- Investor grievance procedures may be improved through inclusion of complaint registration and tracking mechanism on Company's website with greater visibility.
- Research reports of the Company are available on website as well as disseminated to social media platforms. However, providing up-to-date research reports on website may be considered to further improve the client services function of the Company.
- Commission rates may be disclosed on website for enhanced transparency.



- The Company's HR & IT infrastructure, is considered sound.
- Improvement in the organizational structure of the Company may be considered for further aligning with its scale of operations.
- Contingency measures of the Company are in place. However, out sourcing backups to third party warehouse may further improve the same.



- Overall, compliance and risk management framework of the Company is considered strong.
- Having a separate risk management and compliance function may further strengthen the Company's risk management framework.



- During FY24 and 1HFY25, the Company's brokerage revenue increased in line with the overall positive industry trend. Profitability was largely supported by both realized and unrealized capital gains.
- With higher revenues, the Company's operational efficiency improved, as reflected by a decline in the cost-to-income ratio to ~41% in 1HFY25 (FY24: ~60%, FY23: ~70%).
- The Company's liquidity profile is considered sound, with liquid assets covering 2.72x of total liabilities as at Dec'24 (Jun'24: 1.99x, Jun'23: 3.82x).
- Short-term investments stood at ~101% of equity as at Dec'24 (Jun'24: ~91%, Jun'23: ~85%), indicating elevated exposure to market risk.
- The capitalization profile is supported by a sizeable equity base and a low-leveraged balance sheet, with minimal debt consisting primarily of a director's loan.
- Going forward, continued growth in revenue and profitability, alongside improvement in market risk exposure and maintenance of liquidity and capitalization profile, will remain important for the assigned rating.

REGULATORY DISCLOSURES			Appendix I	
Name of Rated Entity	Insight Securities (Pvt.) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BMR			
	16/06/2025	BMR2	Stable	Reaffirmed
	14/ 05/ 2024	BMR2	Stable	Reaffirmed
	24/ 11/ 2022	BMR2	Stable	Reaffirmed
	28/09/2021	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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