

INSIGHT SECURITIES (PRIVATE) LIMITED

Analysts:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	BBB+	A2	BBB+	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	October 20, 2025		September 20, 2024	

Shareholding (5% or More)

Mrs. Munira Ghulam Hussain – 58.3%
Mr. Zubair Ghulam Hussain – 41.7%

Other Information

Incorporated in 2016
Private Limited Company
Chief Executive Officer: Mr. Zubair Ghulam Hussain
External Auditor: Grant Thornton Anjum Rahman
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

Assigned ratings reflect the elevated business risk of the brokerage sector, given its cyclical nature, fragmented structure, intense competition, and strong regulatory oversight, with performance remaining closely tied to the country's macroeconomic conditions. Assigned ratings also reflect the Company's financial risk profile, with enhancement in the Company's brokerage revenue, in line with the overall positive industry trend, while profitability was largely supported by realized and unrealized capital gains. Higher profitability coupled with cost control led to improvement in operational efficiency. The Company's liquidity profile is considered adequate, while market risk is elevated as proprietary investments account for a significant part of the Company's operations. Capitalization profile is supported by a sizeable equity base and marginally leveraged balance sheet. Going forward, sustained growth in revenue and profitability, alongside prudent management of market risk and maintenance of liquidity and capitalization profile, will remain important for the ratings.

Company Profile

Insight Securities (Pvt) Limited ('INSL' or 'the Company') is engaged in provision of equity brokerage services mainly to domestic retail and institutional clients. Established in 2016, INSL is a family-owned brokerage house operating in Pakistan through its office based in Karachi.

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding of the Company is vested with Ms. Munira Ghulam Hussain (~58%) and Mr. Zubair Ghulam Hussain (~42%). Mr. Zubair Ghulam Hussain, the Chief Executive Officer, has over 20 years of experience in the capital markets. He previously served as Head of Equity Sales and Trading at KASB Securities from 2003 to 2008, and later as Head of Equities at Foundation Securities (Pvt.) Limited from 2009 to 2016, before establishing the Company. Ms. Munira Ghulam Hussain, mother of Mr. Zubair Ghulam Hussain, has been serving as Director since the Company's inception. She holds a Bachelor's degree in Arts from the University of Karachi.

Corporate Governance

The Company has a small board size comprising only three members, while induction of an independent director is in process with plans to further expand the board in near future. 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.

Management, Internal controls & IT

The Company has an ERP platform in place for its back-office operations, acquired from VisionMax (Pvt.) Limited, which functions as an automation system to streamline the trading processes. Contingency and disaster recovery mechanisms are also in place, including secure offsite data backups maintained under the Company's control. Furthermore, the Company has established 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 duly 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 cyclical nature, 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.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base has recorded strong growth, supported by robust profitability during FY24 and 9MFY25. Equity, excluding revaluation surplus, increased to PKR 1,218.0m as at end Mar'25, up from PKR 665.0m in Jun'24 and PKR 389.0m in Jun'23. This growth in equity has translated into a notable improvement in the leverage ratio, which declined to 0.28x as at end Mar'25 (Jun'24: 0.62x; Jun'23: 0.26x). The capitalization profile is further supported by a minimal debt burden, limited to a short-term interest free loan from directors, while available banking lines remain unutilized. Going forward, the Company is under discussion to secure an Islamic margin financing facility of PKR 500.0m to finance its margin financing operations. Maintenance of capitalization profile will remain important for the ratings.

PROFITABILITY:

During FY24 the Company's brokerage revenue recorded a significant increase, in line with the positive industry trend, rising to PKR 104.1m (FY23: PKR 40.0m). The operating revenue mix remained concentrated in brokerage services, which contributed ~76%, followed by ~22% from dividend income, with the remainder derived from research income. Momentum continued into 9MFY25, as brokerage revenue grew further to PKR 148.2m, reflecting the sustained surge in industry-wide volumes and accounting for ~84% of operating revenue. The Company also reported significant capital gains of PKR 441.8m in 9MFY25 (FY24: PKR 150.7m; FY23: loss of PKR 1.1m).

Amidst an overall increase in revenue, operational efficiency of the Company witnessed an improvement, with cost-to-income ratio narrowing to ~44% in 9MFY25 (FY24: ~62%, FY23: ~72%). Profitability of the Company experienced a robust rebound after losses in FY22 and FY23, primarily driven by capital gains and further supported by brokerage income. Going forward, diversification of revenue and maintenance of profitability will remain important for the ratings.

CREDIT RISK

As at end Mar'25, the Company's trade debts stood at PKR 119.1m (Jun'24: PKR 225.5m; Jun'23: PKR 69.7m) with aging profile of receivables considered satisfactory. In order to manage exposure to credit risk, the Company has processes in place whereby credit limits are applied to its customers. The management regularly monitors credit exposures and makes allowance for ECLs against deemed doubtful of recovery. Credit limits are assigned based on the customers profile and payment history, with outstanding against customers regularly monitored. Most of the customers secured by way of available securities held in the customers sub-account with CDC.

MARKET RISK

Proprietary investments form a significant part of the Company's operations, with short-term investments standing at PKR 1,159.2m as at Mar'25 (Jun'24: PKR 606.5m; Jun'23: PKR 329.9m). This represents ~95% of the Company's equity (Jun'24: ~91%; Jun'23: ~85%), reflecting elevated market risk. Effective management of market risk remains important for the ratings.

LIQUIDITY RISK

As at end Mar'25, the Company's liquid assets, comprising short-term investments, cash balances, and NCCPL deposits, were recorded at PKR 1,381.0m (Jun'24: PKR 809.6m; Jun'23: PKR 379.8m). Coverage of liquid assets against total liabilities stood at 4.03x as at end Mar'25 (Jun'24: 1.96x; Jun'23: 3.82x).

FINANCIAL SUMMARY (Amounts in PKR millions)

APPENDIX I

<u>BALANCE SHEET</u>	FY21A	FY22A	FY23A	FY24A	9MFY25M
Trade Debts	36.4	22.9	69.7	225.5	119.1
Long Term Investments	0.0	0.0	0.0	0.0	0.0
Short term Investments	389.2	363.2	329.9	606.5	1159.2
Cash and Bank balances	271.6	65.2	33.2	120.5	186.9
Total Assets	780.3	516.5	488.5	1078.0	1560.3
Trade and Other Payables	311.2	76.1	90.6	394.9	278.4
Short term borrowings	0.0	0.0	0.0	0.0	15.0
Paid Up Capital	120.0	120.0	120.0	120.0	120.0
Net Worth (excluding revaluation surplus)	463.6	433.3	389.0	665.7	1218.0
<u>INCOME STATEMENT</u>	FY21A	FY22A	FY23A	FY24A	9MFY25M
Total Recurring Revenue	122.5	98.8	72.1	155.3	188.8
Brokerage Income	105.5	63.5	40.0	104.1	148.2
Dividend Income	13.8	26.9	21.1	29.5	27.2
Research Income	0.6	0.9	4.3	3.2	0.9
Capital Gain on sale of investments	160.0	-5.9	-1.1	150.7	441.8
Administrative Expenses	-60.4	-67.4	-50.5	-93.6	-82.5
Finance Costs	-0.1	-0.1	-0.1	-0.1	-0.1
Profit Before Tax	228.3	-30.2	-38.6	302.2	703.0
Profit After Tax	182.2	-30.9	-44.3	272.7	552.3
<u>RATIO ANALYSIS</u>	FY21A	FY22A	FY23A	FY24A	9MFY25M
Liquid Assets to Total Liabilities	229.1%	545.2%	381.7%	196.4%	403.4%
Liquid Assets to Total Assets	93.0%	87.7%	77.7%	75.1%	88.5%
Leverage	0.68	0.19	0.26	0.62	0.28
Gearing	0.00	0.00	0.00	0.00	0.01
Current Ratio (x)	2.45	6.40	5.11	2.65	4.91
Efficiency (%)	49.4%	67.9%	71.5%	61.2%	43.7%
ROAA (%) *	32.3%	-4.8%	-8.8%	34.8%	41.9%
ROAE (%) *	48.9%	-6.9%	-10.8%	51.7%	58.6%

A-Actual Accounts

M-Management Accounts

* Annualized, if required

REGULATORY DISCLOSURES

APPENDIX II

Name of Rated Entity	Insight Securities (Pvt.) 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				
	20-October-2025	BBB+	A2	Stable	Reaffirmed
	20-September-2024	BBB+	A2	Stable	Reaffirmed
	26-May-2023	BBB+	A2	Stable	Reaffirmed
	16-March-2022	BBB+	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. Irfan Arif		CFO	September 30, 2025	
	Mr. Zubair Ghulam Hussain		CEO		