

## BROKER FIDUCIARY RATING REPORT

### TS Securities (Private) Limited

**REPORT DATE:**

February 10, 2025

**RATING ANALYSTS:**

 Shaheryar Khan Mangan  
[shaheryar@vis.com.pk](mailto:shaheryar@vis.com.pk)

#### RATING DETAILS

<b>Broker Fiduciary Rating</b>	<b>BFR3</b>
<b>Rating Rationale</b>	The rating signifies sound business & financial sustainability, adequate ownership & governance, management & client services and internal controls & regulatory framework
<b>Rating Date</b>	February 10, 2025

#### COMPANY INFORMATION

<b>Incorporated in 2006</b>	<b>External auditors:</b> Riaz Ahmad Saqib Gohar & Co. Chartered Accountants
<b>Private Limited Company</b>	<b>Chief Executive Officer:</b> Mr. Tahir Shafique
<b>Key Shareholders (with stake 5% or more):</b>	
<i>Mr. Tabir Shafique ~ 38%</i>	
<i>Mr. Afiab Shafique ~ 14%</i>	
<i>Mr. Saad Shafiq ~ 12%</i>	
<i>Mr. Asad Shafiq ~ 12%</i>	
<i>Ms. Sana Tariq ~ 6%</i>	
<i>Ms. Summaiya Tariq ~ 6%</i>	
<i>Ms. Farzana Tariq ~ 5%</i>	

#### APPLICABLE METHODOLOGY

**Applicable Rating Criteria: Broker Fiduciary Ratings**
<https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf>

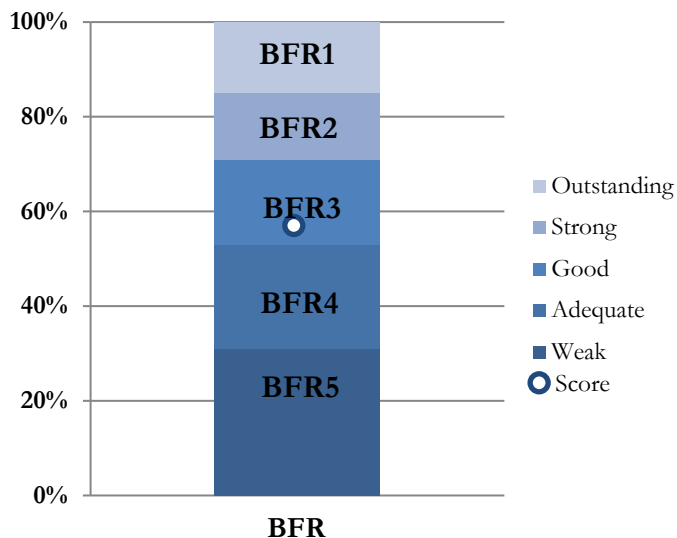
#### APPLICABLE RATING SCALE(S)

**VIS Issue/Issuer Rating Scale:**
<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

**TS Securities (Private) Limited**

**CORPORATE PROFILE OVERALL GRADING**

TS Securities (Private) Limited (TSPL) is engaged in stock brokerage, corporate finance., portfolio management services and trading in equity.



TSPL is registered with Securities & Exchange Commission of Pakistan and holds Trading Rights Entitlement Certificate (TREC) issued by Pakistan Stock Exchange Limited (PSX) for Trading and Self-Clearing Services. External auditors of the company are Riaz Ahmad Saqib Gohar & Co. Chartered Accountants. Auditors are rated 'B' on the approved list of auditors published by the State Bank of Pakistan (SBP).

**Business and Financial Sustainability Indicators**

	6MFY25*	FY24	FY23
Size of Net Worth (Rs. In Millions)	166.5	156.9	116.1
Gearing x (total interest-bearing debt/ total equity)	0.06x	-	0.08x
Leverage x (total liabilities/ total equity)	0.95x	0.74x	0.31x
Liquid Assets/ Total Liabilities (x)	0.99x	2.15x	3.42x
Short term Investments/ Total Equity (%)	5.9%	64.4%	60.1%

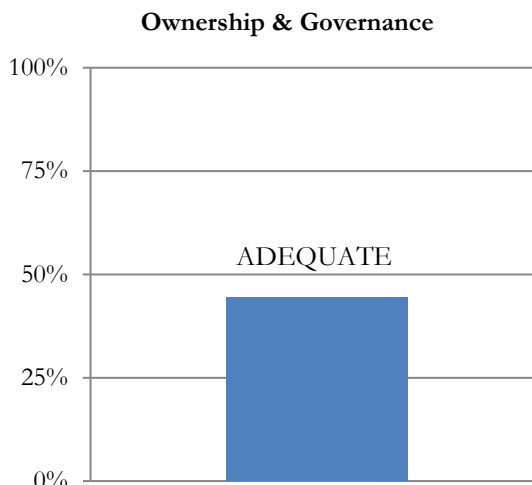
\*Unaudited Accounts

**TS Securities (Private) Securities Limited**

**Rating Indicators**

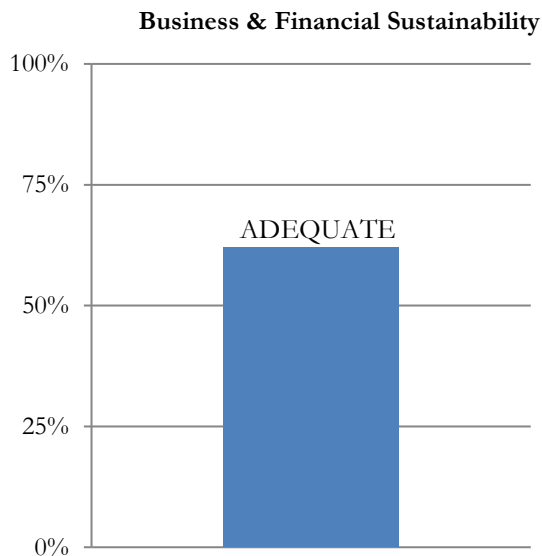
**Ownership & Governance**

- The Company's board size constrains its governance framework, with only three members and no independent representation.
- Additionally, the Company has only one board committee, the Audit Committee, comprising only two members.
- The governance framework may be improved by increasing the number of board members, including independent directors. This, in turn, may support the formation of additional board committees in line with best practices.
- The Company's auditors hold a 'B' rating on the approved list published by the State Bank of Pakistan. Appointment of A rated auditors may bode well for the Company's ownership and governance function.



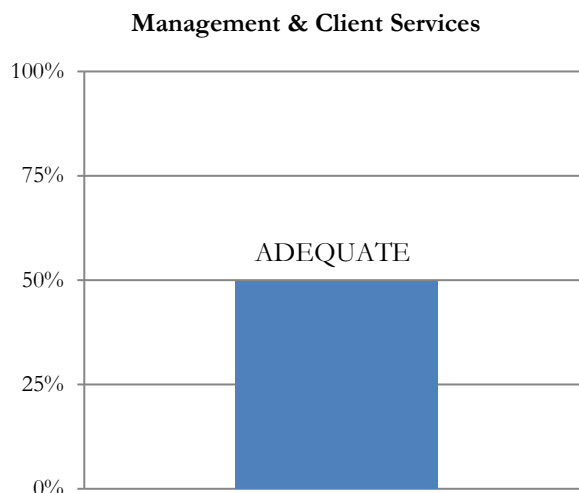
**Business & Financial Sustainability**

- During FY24, the Company's earning profile experienced a rebound, driven by healthy growth in brokerage commission, supported by higher market activity on account of positive investor sentiment. This positive momentum also extended in 6MFY25 as well.
- Operational efficiency of the Company is considered high, given cost to income ratio at ~24% in 6MFY25 (FY24: ~75%, FY23: ~75%).
- During 6MFY25, the Company disposed off its proprietary investments, resulting in a significant reduction in market risk, with short term investments to equity at 5.9% (FY24: 64.4%, FY23: 60.1%).
- Liquidity profile of the Company is considered adequate, given liquid assets providing a coverage of 0.99x against its total liabilities as at Dec'24 (Jun'24: 2.15x, Jun'23: 3.42x).
- The Company maintains a minimal debt level, while its leverage indicator is considered high, albeit still below 1.00x. Additionally, the equity base of the Company is small.
- Going forward, enhancement and diversification of revenue stream, along with improvement in leverage indicator, as well as maintenance of liquidity profile, market risk and operational efficiency will be important for the rating.



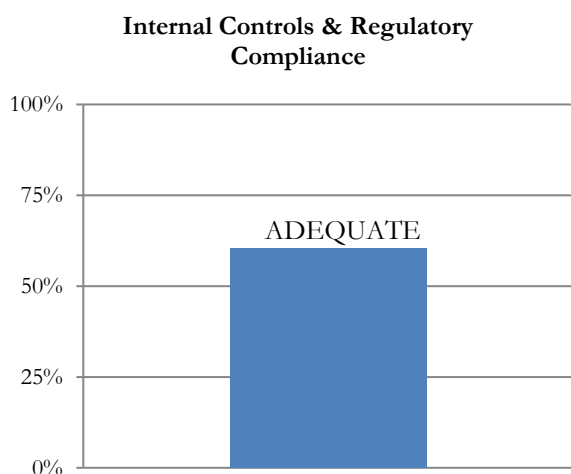
**Management & Client Services**

- The Company’s risk disclosure document has room for improvement, which may enhance its client services function.
- The Company offers multiple clients facilitating tools, including online and mobile trading platforms to support client transactions. However, offering equity reports, daily market briefings, and sector research may further enhance client services. Similarly, improving the visibility of the complaint header on the website homepage may strengthen the customer grievance mechanism. Similarly, complaints through SMS text may also be added.
- Additionally, providing prompt trade alerts may further enhance the client services of the Company.
- Contingency measures of the Company are in place. However, these may be further improved by increasing the frequency of disaster recovery exercises.
- The Company may also consider undertaking advertisements and undertakings.



**Internal Controls & Regulatory Compliance**

- The Company’s internal control framework may be strengthened by broadening the scope of its internal control policies, including expanding the conflict-of-interest policy and formulating an employee trading policy.
- Establishing policies and systems to regulate the flow of market-sensitive information between departments, ensuring client confidentiality, may further enhance the Company’s control framework.
- Conducting periodic reviews of the order recording system through internal audit may also contribute to strengthening the internal control framework.
- Additionally, increasing the frequency of trade review procedures may further enhance the Company’s internal controls.



**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.*

**TS Securities (Private) Limited**

REGULATORY DISCLOSURES		Appendix I			
<b>Name of Rated Entity</b>	TS Securities (Private) Limited				
<b>Sector</b>	Brokerage				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Broker Fiduciary Rating (BFR)				
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>	
	<b>RATING TYPE: BFR</b>				
	10-Feb-25	BFR3	Stable	Initial	
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	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.				
<b>Probability of Default</b>	N/A				
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