

# Press Release

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## VIS Reaffirms Broker Fiduciary Rating of Topline Securities Limited

Karachi, November 24, 2022: VIS Credit Rating Company Ltd. (VIS) has reaffirmed Broker Fiduciary Rating of 'BFR2' to Topline Securities Limited (TSL). Rating of BFR2 denotes good fiduciary standards. Outlook on the assigned rating is 'Stable'. Last rating action was announced on September 27th, 2021.

The rating reflects sound governance framework, business and financial sustainability, management and client services and internal controls.

Assigned rating takes into account sound ownership and governance framework of the Company. While board size of the committee remains good, repetition of members in Board Committees has been observed. Improvement in the same along with increasing the number of certified directors may further strengthen governance framework. Management and client services are well in place with extensive research coverage available to customers on various social media platforms. Geographical diversification may be considered for enhancing client services. Disaster recovery mechanisms are well established with availability of off-site backups at third party warehouse. Internal control policies are also well laid out with room for improvement in scope of the policies.

The rating also draws support from sizeable equity base along with stable operating performance despite the subdued market volumes in FY22. Brokerage revenue of the Company has witnessed a decline on account of subdued market volumes during FY22. Consequently, net profitability of the Company inched down to Rs. 172m in FY22 (FY21: Rs. 180m), nevertheless, Company managed to improve efficiency levels with cost to income ratio at 51% in FY22 (FY21: 52%). Going forward, the prevailing market condition will continue to put pressure on profitability indicators. Any further slide in business and financial sustainability indicators may impact ratings, going forward. Rating also draws comfort from sound liquidity profile. Market risk remains within manageable levels. Capitalization indicators of the Company are characterized by sound gearing and leverage ratios. Overall, Company has a sound business & financial sustainability. Going forward, future revenue growth coupled with sustainability and maintenance of capitalization indicators and liquidity metrics will remain important for ratings.

TSL is a public unlisted company principally engaged in brokerage of shares in ready and future market to local retail and institutional clients. The company holds a Trading Right Entitlement Certificate (TREC) for Trading & Self Clearing services issued by the Pakistan Stock Exchange Limited (PSX).

For further information on this rating announcement, please contact Ms. Batool Zaidi (Ext: 210) at (021) 35311861-66 or email at [info@vis.com.pk](mailto:info@vis.com.pk).

Sara Ahmed  
Director

Applicable Rating Criteria: Broker Fiduciary Ratings 2021  
<https://docs.vis.com.pk/docs/BrokerFiduciary012021.pdf>

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