



TSBL

Trust Securities & Brokerage Ltd.

Corporate Briefing Session 2019

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OVERVIEW

Corporate Briefing Session 2019





**TRUST SECURITIES
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Introduction:

Established in 1993, Trust Securities and Brokerage Limited is a public limited brokerage firm with a singular focus on providing robust and cutting-edge brokerage solutions. Over two decades of operational excellence vis-à-vis client satisfaction and risk management have earned us a tremendous respect in the industry. Our horizon is infinitely broad as imagination is limitless. Cutting-edge technology, teamwork, and a client-centric approach have been pivotal to our success. The reason our perspective matters and we continue to be pertinent to our individual and institutional clients is that we have rewired our brains to giving back. This mantra has facilitated us to create tremendous value for our clients and shareholders. We believe everyone is a partner.



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VISION

To create a viable and a diversified brokerage and financial services business dedicated to creating continuous value for our clients, fully compliant with the letter and spirit of the laws, while earning profits for our shareholders and crafting a workplace which attracts the best talent and enables us to train and retain them.

MISSION

To be a top tier brokerage and financial service company in Pakistan, with innovation, discipline and integrity at the heart of our business involved in creating real value, impacting clients and shareholders



COMPANY INFORMATION

As of 30-June-2019

Board of Directors:

Ms. Zenobia Wasif
Mr. Muhammad Khurram Faraz
Mr. Abdul Basit
Mr. Khizer Hayat Farooq
Mr. Junaid Shehzad Ahmad
Mr. Zulfiqar Ali Anjum
Mr. Talha Muhammad Razi

Chairman/Director (Executive)
Chief Executive Officer/Director (Executive)
Director (Non-Executive)
Non-Executive (Independent)
Non-Executive (Independent)
Executive
Non-Executive

Chief Financial Officer

Waseem Ahmad Khan

Company Secretary

Syed Maqsood Ahmad

Audit Committee:

Mr. Junaid Shehzad Ahmad	Chairman
Mr. Khizer Hayat Farooq	Member
Mr. Muhammad Talha Razi	Member

H.R & Remuneration Committee:

Mr. Khizer Hayat Farooq	Chairman
Mr. Abdul Basit	Member
Ms. Zenobia Wasif	Member

Auditors:

Reanda Haroon Zakaria & Company
Chartered Accountants

Internal Auditors:

Muhammad Adnan Siddiqui
Chartered Accountant

Legal Advisors:

Mr. Abdul Majeed
Advocate

Share Registrar:

Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7-Bank Square, Lahore.
Tel: (92-42) 3723 5081-82, Fax: (92-42) 3735

8817

Bankers:

Habib Bank Limited, Karachi
J.S. Bank Limited, Karachi
Habib Metropolitan Bank Limited, Lahore

Bank Alfalah Limited, Lahore
MCB Bank Limited, Lahore
Al-Baraka Bank (Pakistan) Limited, Lahore



Pattern of Shareholding

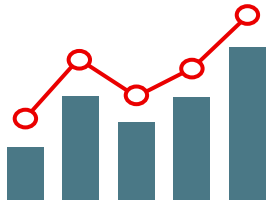


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Shareholders	No. of Shares	% age
- Mr. Sikander Mahmood	7,706,250	25.69%
- Mr. Junaid Shehzad Ahmed	3,000,000	10.00%
- Other Institution more than 5% holding	6,970,645	23.24
- Other Institution not more than 5% holding	1,586,101	5.29%
- Other individuals not more than 5% holding	10,737,004	35.79%
	30,000,000	100.0000%



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FINANCIAL PERFORMANCE

FOR THE YEAR ENDED JUNE 30, 2019





Performance & Market Review

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Financial Year 2018-19

The financial year 2018-19 saw chaos and turmoil in the capital markets. Reasons behind the chaos were manifold, but primary reasons were political uncertainty whereby the government constantly changed their ministerial portfolios and their policies; economic uncertainty in term of IMF loan, depreciation of the rupee, rising interest rates resulting in higher inflation.

Influencing Factors

The higher policy rate was a convincing factor for investors to divert their funds in risk free products and earning higher rates as offered by banks; thereby witnessing a shift of investor funds from capital markets to the banking sector.

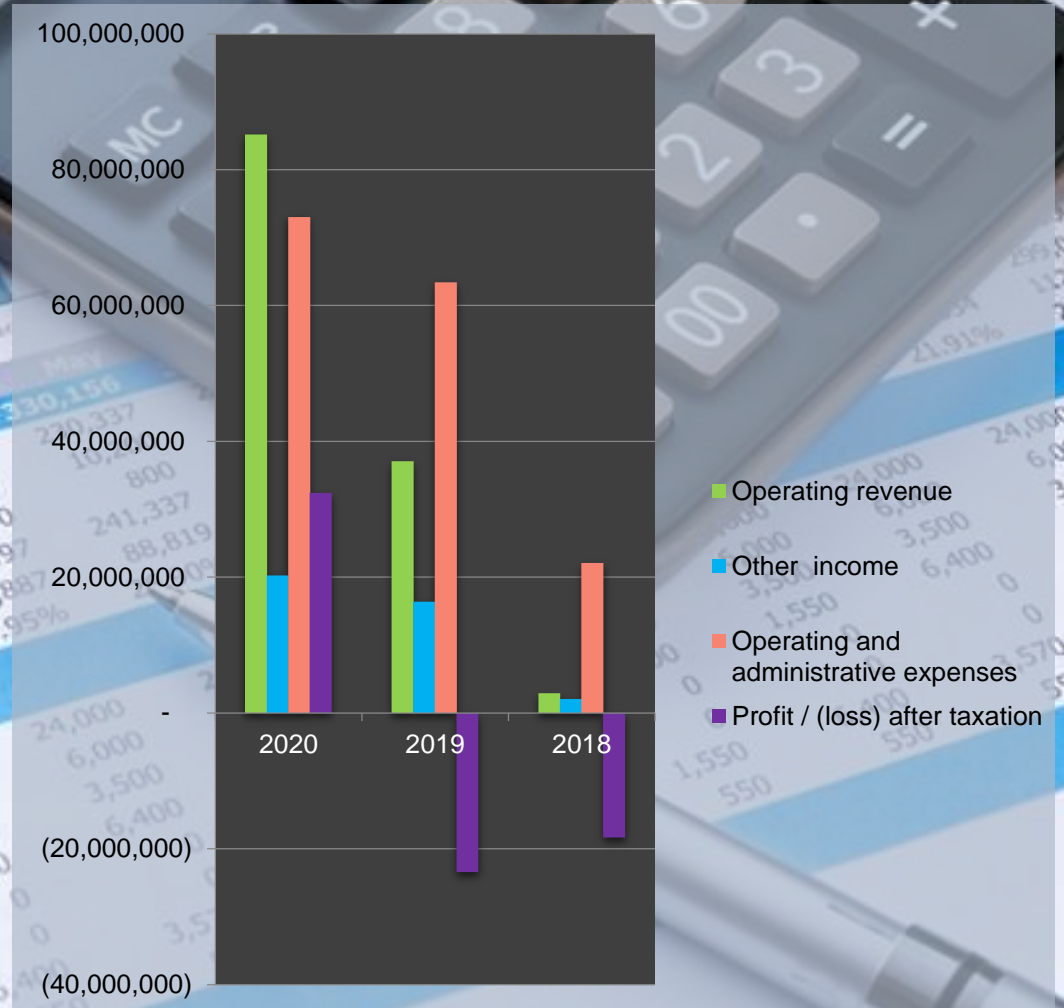
Another reason for lack of investor confidence has been the extra ordinary documentation and paper work required by the regulators to fully document this sector of the economy, with added regulation and requirements coupled with strict compliance are the results of guidelines issued under the FATF regime.





Projected Profit & Loss Statement Based on Hypothetical Assumptions

	Projected	Actual	Actual
	2020	2019	2018
Growth Rate of Operating Revenue	129.81%	1,176.03%	
Operating Revenue	85,200,000	37,074,178	2,905,421
Operating & Administrative Expenses	73,050,769	63,418,060	22,063,568
Other Income	20,253,168	16,391,442	2,081,988
Profit / (Loss) after taxation	32,402,399	(23,436,448)	(18,353,451)



NOTE:
The preparation of this projection requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, and other disclosures considered significant at the date of the Financial Projection. If in the future such estimates and assumptions which are based on management's best judgment at the date of the Interim Financial Statements, deviate from the actual circumstances the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.



UNDERLYING ASSUMPTIONS FOR PROJECTED PROFIT & LOSS STATEMENT 2019-20

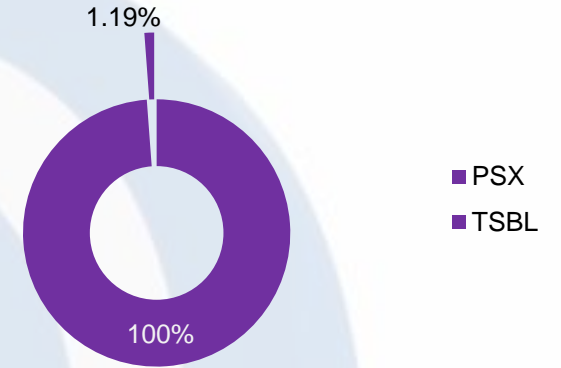
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Historical PSX Performance and TSBL Market Share FY 2019					
	Percentage	Daily Average Turnover in Millions	Daily Average Commission @ 0.048 paisas per share	Monthly Average Commission 2018-19 @ 0.048 paisas per share	Earned Commission 2018-19 Average @ 0.048 paisas per share
Approx PSX Volume 2018-19	100%	237.92			
Market Share	1.19%	2.84	138,362	3,043,932.50	36,527,190

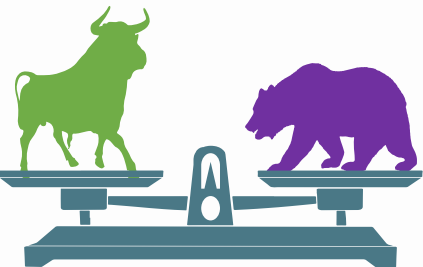
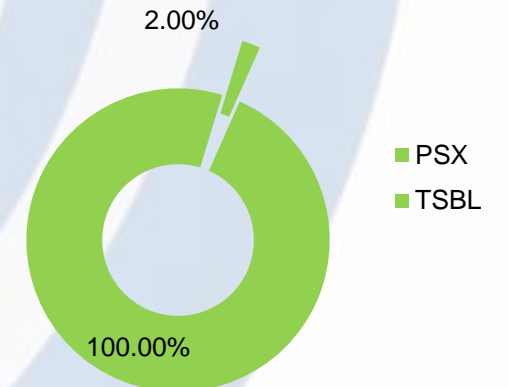
PSX Projected Volumes and TSBL Expected Market Share at different levels FY 2020					
	Market Share	Expected Daily Turnover in Millions	Expected Daily Commission @ 0.06 paisas per share	Expected Monthly Commission @ 0.06 paisas per share	Expected Annual Commission @ 0.06 paisas per share
Projected (PSX Volume)	100.00%	250.00			
Market Share Level 1	1.00%	2.50	150,000.00	3,300,000.00	39,600,000
Market Share Level 2	1.50%	3.75	225,000.00	4,950,000.00	59,400,000
Market Share Level 3	2.00%	5.00	300,000.00	6,600,000.00	79,200,000
Market Share Level 4	2.50%	6.25	375,000.00	8,250,000.00	99,000,000

TSBL Target Market Share FY 2020					
	Market Share	Expected Daily Turnover in Millions	Expected Daily Commission	Expected Monthly Commission	Expected Annual Commission
Market Share Level 3	2%	5.00	300,000.00	6,600,000.00	79,200,000

TSBL Market Share 2018-19



Expected TSBL Market Share 2019-20





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UNDERLYING ASSUMPTIONS FOR PROJECTED PROFIT & LOSS STATEMENT 2019-20

Target Turnover From PMEX for the Year 2019-20					
	Commission on single Lot	Projected Units/Lots per day	Expected Daily Commission	Expected Monthly Commission	Expected Six months Commission Jan-Jun 2020
Expected trading	100.00	500.00	50,000.00	1,000,000.00	6,000,000

OTHER INCOME - Net		Projected	Historical	
		2020 Rupees	2019 Rupees	2018 Rupees
Income from financial assets				
Interest on saving account	Decreased 25%	194,379	259,172	1,104,811
Interest income on exposure deposited	Increased 15%	13,761,575	11,966,587	120,622
Reversal of provision for doubtful debts	Increased 100%	202,078	101,039	506,912
		14,158,032	12,326,789	1,732,345
Income for other than financial assets				
Gain on sale fixed assets		-	1,220	-
Others	Increased 50%	6,095,136	4,063,424	349,643
Net		20,253,168	16,391,442	2,081,988

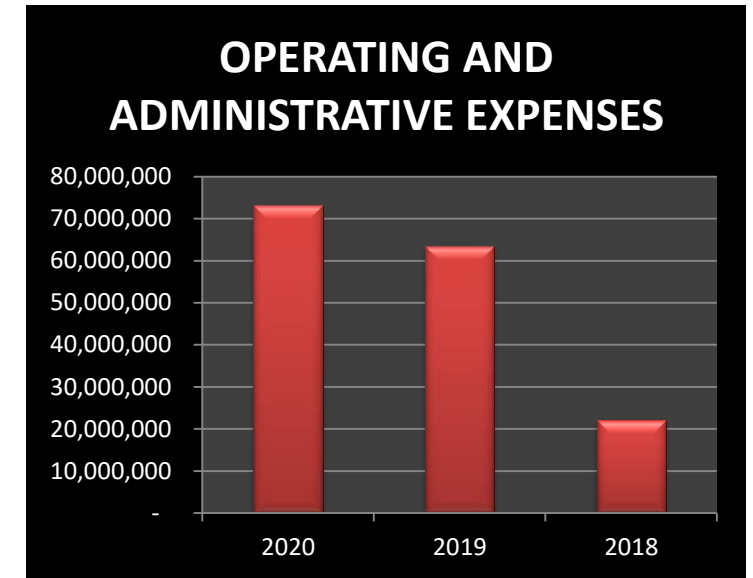
- The Projected Operating Revenue figure is derived on the premise based on the historic volume data of PSX wherein we have based our numbers on a growth in daily volumes and subsequently our market share.
- On the PMEX Exchange, once we obtained license, we anticipate our daily volume to be 500 Lots Approx. which translates into Commission of Rs.50,000/- per day
- We expect that license shall be obtained by the End of December 2019 therefore incorporated six months commission from Jan-Jun 2020 for projection.



UNDERLYING ASSUMPTIONS FOR PROJECTED PROFIT & LOSS STATEMENT 2019-20

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OPERATING AND ADMINISTRATIVE EXPENSES	Projected	Actual	Actual
	2020	2019	2018
	Rupees	Rupees	Rupees
Salaries, benefits and allowances	30,817,685	26,797,987	6,764,671
Commission Expense	12,857,994	11,180,864	391,006
Commission and clearing house expenses	5,062,707	4,402,354	547,640
Rent, Rates and taxes	4,901,292	4,261,993	1,849,801
Internet and maintenance charges	2,355,919	2,048,625	959,013
Entertainment expenses	2,229,500	1,938,696	187,457
Electricity and utilities	2,114,291	1,838,514	625,636
Fee and subscription	2,107,349	1,832,477	6,941,802
Printing and stationary	2,081,150	1,809,696	249,222
Communication expenses	1,531,195	1,331,474	558,895
Miscellaneous expenses	1,421,591	1,236,166	746,146
Depreciation	1,412,217	1,228,015	172,559
Repair and maintenance	1,092,467	949,971	379,304
Travelling and lodging expenses	1,083,567	942,232	122,217
Auditors remuneration	885,270	769,800	766,900
Charity and Donation	346,150	301,000	2,000
Legal and professional charges	308,235	268,030	704,439
Amortization	263,541	229,166	-
Insurance expenses	120,000	-	3,035
Advertisement and publicity	58,650	51,000	91,825
TOTAL	73,050,769	63,418,060	22,063,568



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SWOT Analysis

Strengths

- ❖ Public Limited Company.
- ❖ Infrastructure(Karachi, Lahore)
- ❖ Efficient /skilled Operational staff
- ❖ High Clientele / Active Market participants
- ❖ Efficient Marketing Team

Weaknesses

- ❖ Lack of Long Term Debt.
- ❖ Lack of presence in other major cities
- ❖ High infrastructural cost.
- ❖ Resources Limitation

SWOT

Opportunities

- ❖ Economy in-stabilization stage
- ❖ Future Economic and political outlook is favorable.
- ❖ Higher level of capital can translate into a higher of business income.
- ❖ Participation as PMEX Broker.

Threats

- ❖ High Interest Rates
- ❖ FATF
- ❖ Regulatory Changes may affect Trading volumes.
- ❖ Negative Press or media Coverage.



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Future Outlook

“Games are won by players who focus on the playing field – not by those whose eyes are glued to the scoreboard.”

Recent measures being taken by the government and the regulator reflect seriousness on both their respective parts to encourage activity in the bourse.

Matters on CGT, other taxes, compliance issues, excessive documentation are all being addressed by the regulator with positive support from the government, which provides relief on ease of doing business to both brokerage houses and the investor.

As of now, the rupee has stabilized, interest rates remain unmoved and the market shows consolidation and sign of stability, if not recovery. As soon as the economic indicators show signs of positivity, we feel that the market will stage a comeback and recovery will commence which will result in higher volumes, higher participation by investors thereby resulting in profitability for brokerage houses in the form of incremental commissions.

Future prospects for TSBL only look to be on the positive side and we expect better results as the market gains confidence and investors re-enter the market.

Disclaimer

Certain information set forth in this presentation contains projected statements, including future oriented financial information and financial outlook, under applicable securities laws (collectively referred to herein as projections). Projected statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

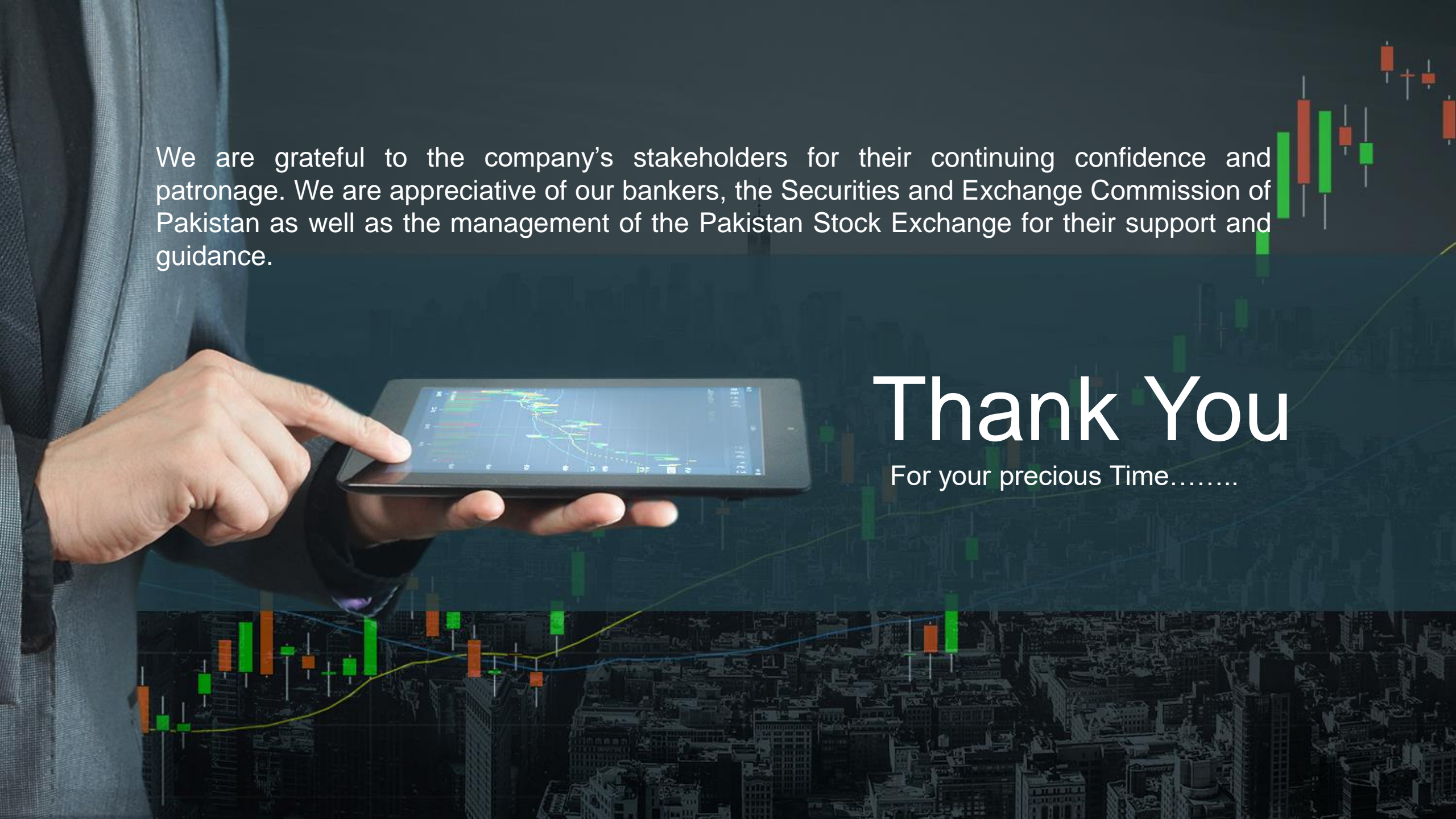
These statements are not guarantees of future performance and undue reliance should not be placed on them. Such projected statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such projected statements.



We are grateful to the company's stakeholders for their continuing confidence and patronage. We are appreciative of our bankers, the Securities and Exchange Commission of Pakistan as well as the management of the Pakistan Stock Exchange for their support and guidance.

Thank You

For your precious Time.....





Q & A Session

Begins

now.....