



The Pakistan Credit Rating Agency Limited

Rating Report

IGI Finex Securities Limited | BFR

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Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
21-Aug-2025	BFR 2+	Stable	Maintain	-
23-Aug-2024	BFR 2+	Stable	Maintain	-
25-Aug-2023	BFR 2+	Stable	Maintain	-
26-Aug-2022	BFR 2+	Stable	Maintain	-
27-Aug-2021	BFR 2+	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	IGI Finex Securities Limited ("IGI" or "The Company") is a wholly owned subsidiary of IGI Holdings Limited, part of the Packages Group. A minimal shareholding is also held by its four directors.
Governance	The Board of IGI consists of four directors, including the CEO, with the presence of two non executive directors. For added oversight, the Board has constituted three committees. The inclusion of an independent director may further strengthen the governance framework.
Management and Client Services	IGI is backed by a qualified management team with a lean structure for efficiency, offering client services such as research support and online trading facilities to enhance customer experience.
Internal Controls and Regulatory Compliance	An effective internal control framework is further strengthened by an outsourced internal audit function. Separate departments are in place for risk management and compliance, and the Company has established all requisite policies and procedures to ensure a strong control environment.
Business Sustainability	IGI business sustainability is supported by its affiliation with the Packages Group, with revenue rising to PKR 166 million in 1QCY25 (SPLY: PKR 49 million), though net profit declined to PKR 58 million from PKR 70 million on higher costs.
Financial Sustainability	IGI operates without a proprietary book, limiting market risk, and maintains a strong capital position with equity of PKR 921 million and a regulatory Liquid Capital Balance of PKR 702 million as of 1QCY25..

Key Rating Drivers

The BFR rating of IGI Finex Securities Limited is underpinned by the strong support of the Packages Group, which provides financial stability, market credibility, and long term sustainability. The Company benefits from a low leverage capital structure, limiting financial risk, along with the absence of a proprietary book, which reduces exposure to market volatility. The rating is further strengthened by sound governance practices, the presence of specialized board-level committees, and a qualified and experienced management team. Nonetheless, the rating remains constrained by the Company's sensitivity to cost pressures and its dependence on overall market dynamics for profitability.

Disclosure

Name of Rated Entity	IGI Finex Securities Limited BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework Broker Fiduciary Rating(Jan-25)
Related Research	Sector Study Brokerage Firms(Feb-25)
Rating Analysts	Usama Ali usama.ali@pacra.com +92-42-35869504

Profile

Background IGI Finex Securities Limited ("IGI" or "the Company") is a licensed TRE certificate holder of the Pakistan Stock Exchange and a member of the Pakistan Mercantile Exchange. The Company was incorporated in 1994 and has since established itself as a reputable player in the financial services sector. In 2007, IGI became part of the Packages Group, benefiting from the Group's extensive expertise and resources to enhance its operational capabilities and market reach.

Operations Headquartered in Karachi, IGI offers a comprehensive range of financial services, including equity and commodities brokerage, as well as advisory and consultancy services. The Company extends its operations through a network of six branches across the country, ensuring widespread accessibility and personalized client service.

Ownership

Ownership Structure IGI is a wholly owned subsidiary of IGI Holdings Limited, which is part of the Packages Group, with minor shareholdings held by its four directors.

Stability IGI Holdings, the parent company of IGI Finex Securities Limited, operates under the umbrella of the Packages Group, one of Pakistan's most reputable and diversified business conglomerates. This affiliation provides IGI with strong financial strength, strategic guidance, and long-term operational stability, reinforcing its credibility and resilience in the highly competitive financial services sector.

Business Acumen With a presence spanning over 50 years, IGI and the Packages Group have demonstrated strong business acumen across diverse sectors, including paper and technology, packaging, paperboard, financial services, real estate, and public education. Their sustained performance and recognition as leading industrial players reflect deep industry expertise, strategic vision, and the ability to capitalize on market opportunities.

Financial Strength Backed by the Packages Group, IGI benefits from solid financial foundations and resource support, enabling it to maintain operational resilience, manage market fluctuations effectively, and sustain long-term growth in Pakistan's competitive financial services sector.

Governance

Board Structure The Board of Directors of IGI comprises four members, including the CEO and Chairman, with two executive and two non-executive directors. The board members are Syed Abdul Wahab Mehdi, Syed Raza Hussain Rizvi, Iqra Sajjad, and Faisal Jawed Khan. They provide balanced governance and strategic oversight. The addition of an independent director in the future could further enhance the board's effectiveness, governance standards, and strategic decision-making.

Members' Profile The Board of Directors of IGI comprises experienced professionals: Syed Abdul Wahab Mehdi (Chairman), a University of Massachusetts graduate with extensive multinational corporate experience; Syed Raza Hussain Rizvi (CEO), a Chartered Accountant with over 15 years in management, strategy, M&A, and capital markets; Faisal Jawed Khan, an MBA in Finance with eight years in research, advisory, and capital markets; and Iqra Sajjad, a Chartered Accountant and certified director with 16 years in audit, finance, governance, and compliance, collectively providing strong strategic oversight and governance.

Board Effectiveness IGI has established several board-level committees, including the Audit Committee, HR Committee, and IT Steering Committee, which enhance oversight and operational governance. While these committees reflect strong governance practices, the inclusion of an independent director, particularly within the Audit Committee, could further strengthen the board's effectiveness and governance standards.

Financial IGI has outsourced its internal audit function to EY Ford Rhodes Chartered Accountants and appointed A Ferguson & CO. Chartered Accountants as the external auditor. The external auditors of the company are classified in the 'A' category of State Bank of Pakistan panel of Auditors.

Management And Client Services

Organizational Structure The Company maintains an efficient and streamlined organizational structure, comprising eight distinct departments. (i) Equity & Commodity Brokerage (ii) International Business & Investment Banking, (iii) Research, (iv) Finance & Company Secretariat, (v) Risk Management, (vi) Operations, (vii) Compliance, and (viii) IT Core Applications, all of which report directly to the CEO. The Company has meticulously defined roles and responsibilities across these functions to ensure seamless coordination, operational efficiency, and effective execution of its strategic objectives.

Management Team IGI is led by an experienced CEO and a seasoned management team overseeing key functions, including international business and investment banking, sales, finance, research, risk and equity operations, and information technology. Collectively, the team brings extensive expertise and experience, ensuring effective execution of the Company's strategic and operational objectives.

Client Servicing The Company provides multiple account opening channels, including an intuitive online trading terminal, a mobile application, and in-person services at its branch network. A dedicated and responsive customer support team guides clients throughout the onboarding process, ensuring a seamless and user-friendly trading experience.

Complaint Management The Complaint Management team addresses and resolves customer complaints, which maintains proper records. Periodic reports are submitted to the SECP, ensuring transparency and regulatory compliance.

Extent Of Automation / Integration The Company has invested in advanced technology, including a SECP-approved, state-of-the-art trading platform that enables seamless, secure, and efficient trading for its clients.

Continuity Of Operations A comprehensive disaster recovery plan is in place to ensure business continuity, supported by multiple backup strategies.

Internal Controls And Regulatory Compliance

Risk Management Framework IGI Finex upholds a structured risk management framework to provide trading services. The company's board is responsible for formulating and monitoring risk management policies. Operational Risks are identified and monitored through a code of conduct and trading hall SOPs.

Regulatory Compliance Regulatory Compliance is diligently maintained by IGI's Compliance Department. The company ensures adherence to PSX requirements, SECP regulations regarding Anti Money Laundering and Countering Financing of Terrorism, professional standards, accepted business practices and internal standards.

Business Sustainability

Operating Environment The KSE-100 Index has witnessed a significant surge in investor interest, repeatedly touching historic highs and, for the first time, breaching the 125k-point mark in FY25. Despite this rally, the market's P/E ratio remains relatively low, indicating room for further upside. A notable catalyst has been the reduction in the policy rate at the start of FY25, which prompted a shift in investor preference from fixed-income instruments to equities, fueling fresh buying momentum. This environment has created a favorable backdrop for the brokerage industry, with higher trading volumes, increased retail participation, and enhanced transaction-based revenues. While FY25 has been a strong year for the sector, sustaining investor confidence beyond FY25 will hinge on political stability, macroeconomic resilience, and the continuation of market-friendly policies.

Performance The Company's brokerage revenue stood at PKR 107 million in 1QCY25, marking a substantial increase from PKR 49 million in the corresponding period last year, driven by higher trading activity in the equity market. Total operating income improved slightly to PKR 166 million (SPLY: PKR 155 million), reflecting growth in brokerage earnings despite relatively stable contributions from other income streams. Profit after tax (PAT), however, declined to PKR 58 million from PKR 70 million in the same period last year, primarily due to higher operating expenses and a reduction in non-core income.

Strategy The Company is focused on driving retail investment growth by implementing innovative digital initiatives and offering streamlined, user-friendly access to a wide range of investment products, thereby enhancing client engagement and market participation.

Financial Sustainability

Credit Risk In addition to KYC/AML, Customer Due Diligence (CDD) and Enhance Due Diligence (EDD) procedures are in place for the assessment of its client creditworthiness. The entire EDD process is comprehensive and well documented, especially in the account opening and client risk assessment stages. The documents gathered from this mined data is used for reporting suspicious activities, anti-money laundering policies and other irregular transactions.

Market Risk Market risk is contained by the Company's policy of not maintaining a proprietary trading book. Its investment portfolio is conservatively structured, comprising primarily long-term holdings in PSX-listed shares valued at approximately PKR 40 million as of 1QCY25, alongside short-term, low-risk investments in government securities amounting to around PKR 137 million. This prudent allocation supports capital preservation while generating stable returns.

Liquidity Risk Liquidity risk remains low, with the Company maintaining a healthy liquidity position reflected in current assets of PKR 4,825 million against current liabilities of PKR 4,076 million as of 1QCY25. The resulting liquid capital balance (LCB) of PKR 702 million provides adequate capacity to meet short-term obligations without strain, supported by the availability of liquid assets and efficient working capital management.

Capitalization The Company's capitalization stood at PKR 921 million as of 1QCY25, reflecting a solid equity base that supports its operational needs, underpins business stability, and provides capacity for future growth without reliance on external borrowings.

IGI Finex Securities Ltd.
PUBLIC UNLISTED LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Mar-25	Dec-24	Dec-23	Dec-22
CY25	CY24	CY23	CY22
3M	12M	12M	12M
Management	Audited	Audited	Audited

1 FINANCES

1	FINANCES	-	-	-	-
2	INVESTMENTS	178.19	44.48	94.53	12.95
3	OTHER EARNING ASSETS	-	-	155.28	104.33
4	NON-EARNING ASSETS	4,823.83	2,700.20	3,453.27	754.19
5	NON-PERFORMING FINANCES-net	-	-	(82.39)	21.71
	TOTAL ASSETS	5,002.02	2,744.68	3,703.08	871.47
6	FUNDING	3.93	4.31	19.23	10.96
7	OTHER LIABILITIES (NON-INTEREST BEARING)	4,076.90	1,873.23	3,055.33	533.17
	TOTAL LIABILITIES	4,080.83	1,877.54	3,074.56	544.14
	TOTAL EQUITY	921.20	867.14	628.52	327.33

INCOME

	2023	2022	2021	2020
1 FEE BASED INCOME	166.90	658.62	159.45	128.47
2 OPERATING EXPENSES	(84.18)	(377.84)	(220.17)	(286.42)
3 NON-FEE BASED INCOME	-	-	461.28	58.72
TOTAL OPERATING INCOME (LOSS)	82.72	280.78	400.56	(99.23)
4 FINANCIAL CHARGES	(0.83)	(2.49)	(2.67)	(1.81)
PRE-TAX PROFIT	81.89	283.10	400.80	(93.29)
5 TAXES	(23.75)	(53.45)	(93.92)	(0.72)
PROFIT AFTER TAX	58.14	229.65	306.88	(94.01)

BUSINESS SUSTAINABILITY

BUSINESS SUSTAINABILITY		2023			
1	PRE-TAX MARGIN	0.49	0.43	2.51	(0.73)
2	EBITDA MARGIN	0.50	0.43	2.58	(0.71)
3	EBIT RETURN ON ASSETS	0.08	0.09	0.18	(0.08)

1 TOTAL INVESTMENTS A

1	TOTAL INVESTMENTS / EQUITY	0.19	0.05	0.15	0.04
2	LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.76	0.76	0.60	0.51
3	(CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.17	0.05	0.07	0.14
4	TOTAL DEBT / TOTAL ASSETS	0.00	0.00	0.00	0.01

Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services and sustainability of operations

Scale	Definition
BFR 1	Very Strong. Very Strong quality of management and client services and a very high likelihood of sustaining operations.
BFR 2++ BFR 2+ BFR 2	Strong. Strong quality of management and client services and a high likelihood of sustaining operations.
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client services and an above average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client services and an average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client services and a weak likelihood of sustaining operations.

<p>Outlook (Stable, Positive, Negative, Developing)</p> <p>Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.</p>	<p>Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.</p>	<p>Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p>Withdrawn A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the rating remains suspended for six months, or/and d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

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Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term “family members” shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

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- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA’s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers’ associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst’s area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

Probability of Default

- (22) PACRA’s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA’s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA’s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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