The Pakistan Credit Rating Agency Limited

Rating Report

Dawood Equities Limited | BFR

Report Contents

Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
18-Sep-2026	BFR 3+	Stable	Maintain	-
28-Nov-2025	BFR 3+	Stable	Maintain	-
29-Nov-2024	BFR 3+	Stable	Maintain	-
30-Nov-2023	BFR 3+	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	Dawood Equities Limited ('DEL' or 'the Company') is a public listed company. The primary shareholder, Mr. Ayaz Dawood, holds ~19% ownership in the company. B.R.R. Investment (Pvt.) Limited and Equity International (Pvt.) Limited hold stakes of ~10% and 15%, respectively while Mr. Junaid Dada owns 7% of shareholding. The remaining ~49% of the company's shares are free float, held by individual and institutional investors.
Governance	The Company maintains a strong board structure, comprising one executive director, four non-executive directors, and two independent directors. The Chairman is an independent director and also chairs all board committees, further strengthening governance, oversight, and the effectiveness of the Board's supervisory framework.
Management and Client Services	The Company maintains a lean organizational structure, supported by a qualified and experienced management team. Client servicing is considered satisfactory, with online trading facilities and research reports available to clients, supporting service accessibility and informed investment decisions.
Internal Controls and Regulatory Compilance	The Board Audit Committee oversees the outsourced internal audit function, supporting an effective internal control framework. While the requisite policies are in place, their scope and depth could be further strengthened. Compliance oversight remains effective, supported by a dedicated compliance head.
Business Sustainability	DEL reported a net profit of ~PKR 82mln as at 9MFY26 (SPLY: ~PKR 48mln). The profit stems from brokerage income which stood at ~PKR 275mln.
Financial Sustainability	DEL engages in proprietary trading (~PKR 77mln) thus is exposed to market risk. A low-leveraged capital structure is present; moreover, the Company has an adequate equity base of ~PKR 457mln at end-Mar '26 to resist market shocks.

Key Rating Drivers

Fiduciary discipline spanning client servicing, compliance, and core risk oversight remains integral to the control architecture, with incremental enhancements poised to further reinforce the overall governance and risk-management environment. Prospectively, deepening management capacity, refining internal control mechanisms, incrementally strengthening client protection, and enhancing grievance-redressal and conflict-management frameworks will remain material to sustaining and elevating the fiduciary profile.

Disclosure

Name of Rated Entity	Dawood Equities Limited | BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework | Broker Fiduciary Rating(Jan-26),Methodology | Rating Modifiers(Apr-26)
Related Research	Sector Study | Brokerage Firms(Feb-26)
Rating Analysts	Usama Ali | usama.ali@pacra.com | +92-42-35869504

Profile

Background The Company was incorporated in May 2006, as a public unlisted company, later on converted into public listed company in 2008. In January 2017, the Company obtained registration as an underwriter with SECP.

Operations With its head office in Karachi, Dawood Equities operates through PSX registered branches located in Karachi, Hyderabad, Lahore, and Faisalabad. Following its expansion strategy, the Company has established a new PMEX registered branch in Multan and Sargodha. The Company primarily offers the services of Equity Brokerage and also provides the services of Underwriting, Corporate Finance & Financial Advisory, and Research.

Ownership

Ownership Structure The primary shareholder, Mr. Ayaz Dawood, holds ~19% ownership in the company. B.R.R. Investment (Pvt.) Limited and Equity International (Pvt.) Limited hold stakes of ~10% and 15%, respectively while Mr. Junaid Dada owns 7% of shareholding. The remaining ~49% of the company's shares are free float, held by individual and institutional investors

Stability The Dawood Family Group is counted amongst the largest business groups in the country, and has a diversified investment portfolio.

Business Acumen The business acumen is strengthened by the entrepreneurial and business skills of Mr. Ayaz Dawood. He is the CEO of BRR Guardian Modaraba and Chairman of Dawood Family Takaful Limited.

Financial Strength The primary sponsor has sizeable financial strength due to his linkage with the Dawood Group, which has sizeable shareholding different companies operating in diverse sectors such as fertilizers, securities & commodities brokerage, corporate advisory, asset management, cement, power and real estate development sectors.

Governance

Board Structure The Company's Board of Directors (BoD) comprises seven members, which include two independent directors, four non-executive directors and one executive director including 2 female directors in conformity with the Code of Corporate Governance (CCG). The Board is chaired by Mr. Junaid Dada, an independent director.

Members' Profile All the directors are seasoned professionals and possess manifold experiences in the relevant fields. The Chairman, Mr. Junaid Dada holds diploma in business management from Santana Monica College, California. He is also the Chief Executive Officer (CEO) of Electricity Power Limited and United Sales Private Limited.

Board Effectiveness Dawood Equities has two board committees, namely i) Audit Committee and ii) HR and remuneration committee. Audit committee meets on quarterly basis to review the financial statements and internal audit findings.

Financial The Company's external auditors are M Yousuf Adil & Company Chartered Accountants. The firm is QCR rated by ICAP and is in the A category of SBP's panel of auditors.

Management And Client Services

Organizational Structure The organizational structure is aligned with the business operations, and all necessary departments are present. Within this structure the branch managers, Settlement Department, Research, and Customer Support report to the Company's Chief Operating Officer (COO). The COO reports to the CEO of the Company. CEO and CFO are accountable to the Board. The Internal Auditor reports to the Board Audit Committee which enhances the internal controls.

Management Team Mr. Abdul Aziz Habib, the CEO of the Company, holds M.A. degree in Economics. He is a seasoned professional and has more than a decade experience of brokerage business. Mr. Salman Yaqoob is the CFO and Company Secretary of the Company. He is an Associate member of Institute of Certified Chartered Accountants & Institute of Corporate Secretaries of Pakistan. He has more than 13 years of financial and corporate experience especially in NBFC's, Modaraba, Insurance and Brokerage business.

Client Servicing The Company offers multiple account opening mediums. Similarly, various channels, including a mobile app, are available to customers to execute and monitor their transactions. The Company has a strong client reporting mechanism with account statements and market reports communicated to the clients on regular basis.

Complaint Management A sound complaint management system is in place. Complaints can be made via e-mail, SMS, calls, and website.

Extent Of Automation / Integration The front and back-end software is procured from an approved vendor with complete integration. The system is capable to generate real-time MIS pertaining to order placements, execution and risk management, and compliance.

Continuity Of Operations DEL has a detailed disaster recovery plan to ensure business continuity at the time of disaster. Backups are maintained on a timely basis.

Internal Controls And Regulatory Compliance

Risk Management Framework To ensure operational efficiency and appraisal of internal controls, the Company has an in-house internal audit department, which implements and monitors the policies and procedures of the Company. Further, the responsibilities of Audit Committee are governed by its Charter approved by the Board of Directors and are broadly categorized into: Financial Reporting and related internal controls, corporate governance and compliance, Supervision of Internal Controls and Review of Internal Audit activities.

Regulatory Compliance The Risk Management & Compliance Department ensures regular monitoring of controls and systems, which ensures all functions are in line with the applicable policies and procedures.

Business Sustainability	**Operating Environment** The KSE-100 Index continued its strong upward trajectory in FY26, reaching successive record highs and reflecting sustained investor confidence. The market remained supported by improving macroeconomic conditions, easing interest rates, stronger foreign exchange reserves, and continued progress under the IMF program. The decline in the policy rate during FY26 further encouraged a gradual reallocation from fixed-income instruments toward equities, supporting trading activity and market liquidity. Consequently, the brokerage industry benefited from higher trading volumes, increased investor participation, and stronger transaction-based revenues. Going forward, the sector’s growth will remain dependent on the sustainability of macroeconomic stability, political developments, interest-rate direction, and the continuation of supportive economic and market policies. **Performance** The Company's brokerage income is the primary source of topline. The brokerage income stood at ~PKR 275mln as at Mar '26 while it was ~PKR 177mln in SPLY. During 9MFY26, earned a net profit of ~PKR82mln (SPLY: ~PKR 48mln). **Strategy** The Company is planning to increase their geographical presence further, as evidenced by them opening new branches in Faisalabad and Sargodha. Furthermore, the plan is to increase their revenue diversification further by boosting their underwriting income.

Financial Sustainability	**Credit Risk** Dawood Equities has due diligence procedures in addition to its KYC, for the assessment of its client’s creditworthiness. The Board has approved per party and per scrip limits, which are strictly adhered to by the management which minimizes the credit risk. **Market Risk** Dawood Equities established a formal Investment Policy document (IPS) for its proprietary book approved by the BoD - addressing exposure in different avenues. At end-Mar '26, the proprietary book of the Company stood at ~PKR 77mln, constituting ~17% of equity. **Liquidity Risk** At end-Mar '26 the current assets of the Company stood at ~PKR 760mln against the current liabilities of ~PKR 346mln. The Company has an adequate liquidity profile. **Capitalization** The Company's Liquid Capital Balance (LCB) stood at ~PKR 173mln at end-Mar '26. The equity of the Company stood at ~PKR 457mln at end-Mar '26.

THE PAKISTAN CREDIT RATING AGENCY

Dawood Equities Limited
PUBLIC LISTED LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

	Mar-26 FY26 9M Management	Jun-25 FY25 12M Audited	Jun-24 FY24 12M Audited	Jun-23 FY23 12M Audited
BALANCE SHEET				
1 FINANCES	17.08	17.11	11.77	10.45
2 INVESTMENTS	157.41	122.52	79.49	60.02
3 OTHER EARNING ASSETS	-	4.18	-	-
4 NON-EARNING ASSETS	636.23	650.25	384.71	282.23
5 NON-PERFORMING FINANCES-net	-	-	-	-
TOTAL ASSETS	**810.72**	**794.06**	**475.96**	**352.70**
6 FUNDING	201.40	101.48	45.93	65.89
7 OTHER LIABILITIES (NON-INTEREST BEARING)	152.22	322.00	138.46	37.64
TOTAL LIABILITIES	**353.62**	**423.47**	**184.39**	**103.52**
TOTAL EQUITY	**457.08**	**370.59**	**291.18**	**250.22**
INCOME STATEMENT				
INCOME				
1 FEE BASED INCOME	170.32	142.07	122.41	62.34
2 OPERATING EXPENSES	(58.16)	(68.02)	(104.38)	(77.35)
3 NON-FEE BASED INCOME	(2.36)	11.48	34.67	4.88
TOTAL OPERATING INCOME (LOSS)	**109.80**	**85.52**	**52.71**	**(10.14)**
4 FINANCIAL CHARGES	(8.07)	(7.88)	(12.31)	(8.20)
PRE-TAX PROFIT	**106.02**	**72.86**	**46.52**	**(15.61)**
5 TAXES	(24.44)	(22.29)	(15.90)	(8.46)
PROFIT AFTER TAX	**81.58**	**50.57**	**30.63**	**(24.07)**
RATIOS				
BUSINESS SUSTAINABILITY				
1 PRE-TAX MARGIN	0.62	0.54	0.38	(0.25)
2 EBITDA MARGIN	0.67	0.60	0.48	(0.12)
3 EBIT RETURN ON ASSETS	0.21	0.13	0.14	(0.02)
FINANCIAL SUSTAINIBILITY				
1 TOTAL INVESTMENTS / EQUITY	0.34	0.33	0.27	0.24
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.38	0.30	0.28	0.10
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.19	0.14	0.12	0.09
4 TOTAL DEBT / TOTAL ASSETS	0.25	0.13	0.10	0.19

Broker Fiduciary Rating Scale & Definitions	
An independent opinion on a broker's quality of management and client services, and the 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 service, and a high likelihood of sustaining operations
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client service, and average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client service, and average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client service, and a weak likelihood of sustaining operations.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
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'.	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 the foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany the rating outlook of the respective opinion.	It is not possible to update an opinion due to a lack of requisite information. Opinion should be resumed in the foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	A change in rating due to a revision in the applicable methodology or underlying scale.

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. Rating actions may include "maintain", "upgrade", or "downgrade".

Regulatory and Supplementary Disclosure
(Credit Rating Companies Regulations,2016)

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
(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(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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