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-2026	BFR 2+	Stable	Maintain	-
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. Minimal shares are held by two directors and Iqra Sajjad (Company Secretary at Packages Limited) are being transferred to IGI Holdings upon completion of SECP requirements. Waqas Munir serves as nominee director by IGI Holdings.
Governance	Following recent changes in the Board composition, the Board now comprises three directors, including the CEO and two non executive directors. The Board operates through three committees to support oversight. An independent director may further strengthen governance.
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 internal control framework is 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 192 mln in 1QCY26 (SPLY: PKR 166 mln), though net profit declined to PKR 46 mln from PKR 58 mln on higher costs.
Financial Sustainability	The absence of proprietary trading limits market risk exposure, while capitalization remains strong, supported by equity of PKR 1.2 bln and LCB of PKR 732 mln as of 1QCY26.

Key Rating Drivers

The assigned rating is anchored by the strong sponsorship of the Packages Group, providing financial strength, market credibility, and long term stability. The Company maintains a low leverage capital structure and does not undertake proprietary trading, resulting in limited financial and market risk exposure. The rating also reflects sound fiduciary practices across client servicing, compliance, research, and risk management, supported by the experienced management team. Going forward, strengthening governance through the induction of independent Board representation, enhancing internal controls and client protection mechanisms, and sustaining profitability will remain important considerations for the rating.

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-26),Methodology | Rating Modifiers(Apr-26)
Related Research	Sector Study | Brokerage Firms(Feb-26)
Rating Analysts	Ayesha Tayyab | ayesha.tayyab@pacra.com | +92-42-35869504

Profile

Background IGI Finex Securities Limited ("IGI" or "the Company") is a licensed Trading Right Entitlement Certificate (TREC) holder of the Pakistan Stock Exchange and a corporate member of the Pakistan Mercantile Exchange. Incorporated in 1994, the Company has built over three decades of track record in Pakistan's capital markets, evolving into a well-established and reputable player in the financial services sector with a diversified service offering spanning equity and commodity brokerage, and advisory and consultancy services. In 2007, IGI became part of the Packages Group, one of Pakistan's oldest and most diversified business conglomerates with an established presence across paper and packaging, financial services, real estate, and public education. This affiliation has been instrumental in IGI's growth trajectory, providing the Company with access to the Group's extensive institutional expertise, financial resources, and governance framework, which together have enhanced its operational capabilities, brand credibility, and market reach.

Operations Headquartered in Karachi, IGI offers a comprehensive suite of financial services, encompassing equity and commodities brokerage, as well as advisory and consultancy services, catering to a diversified base of retail and institutional clients. Recently, the Company further strengthened its market presence by establishing a new branch in Lahore, expanding its branch network to seven locations. The Company now extends its operations through strategically located branches in Lahore, Islamabad, Faisalabad, Rahim Yar Khan, and Multan, in addition to its Karachi corporate office, enhancing client accessibility and supporting management's strategy to deepen market penetration. This geographically diversified branch network is complemented by IGI's SECP-approved digital trading platform, enabling clients to execute transactions seamlessly across both equity and commodity markets. During CY25, the Company's value-traded market share improved to approximately 3.30% (CY24: ~3.10%), reflecting management's success in expanding the Company's operational scale, strengthening client engagement, and capitalizing on favorable market conditions.

Ownership

Ownership Structure IGI is a wholly owned subsidiary of IGI Holdings Limited, which is part of the Packages Group. A nominal shareholding is currently held by two directors and Ms. Iqra Sajjad, Company Secretary at Packages Limited. Following completion of the SECP requirement for book-entry of shares, these shares are being transferred to IGI Holdings Limited, further consolidating the Company’s ownership under the Holding Company. Waqas Munir serves as a nominee director of IGI Holdings Limited. The parent-subsidiary relationship ensures that IGI’s strategic direction remains closely aligned with the broader Group’s objectives, while providing access to the Holding Company’s oversight, financial backing, and institutional support. The concentrated ownership structure, anchored by the Packages Group’s long-standing presence in Pakistan’s corporate sector, supports continuity in ownership and mitigates risks typically associated with fragmented or transient shareholding structures.

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 three members, including one Executive Director (Chief Executive Officer) and two Non-Executive Directors. The Board consists of: ***1. Mr. Syed Abdul Wahab Mehdi (Chairman/Non-Executive Director), 2. Mr. Syed Raza Hussain Rizvi (Chief Executive Officer/Executive Director), 3. Mr. Waqas Munir (Non-Executive Director).*** During 2026, Ms. Iqra Sajjad (former Non-Executive Director) and Mr. Faisal Jawed Khan (former Executive Director) resigned from the Board. Subsequently, Mr. Waqas Munir was appointed as a Non-Executive Director. The reconstituted Board provides an appropriate mix of executive and non-executive representation, supporting effective oversight and strategic direction. Going forward, the induction of a formally independent director could further strengthen the governance framework, enhance board independence, and reinforce strategic decision-making.

Members’ Profile The Board of Directors of IGI comprises experienced professionals. **Mr. Syed Abdul Wahab Mehdi (Chairman)** is a graduate of the University of Massachusetts and possesses extensive multinational corporate experience. **Mr. Syed Raza Hussain Rizvi (Chief Executive Officer)** is a Chartered Accountant with over 15 years of experience in management, strategy, mergers & acquisitions, and capital markets. **Mr. Waqas Munir** is a Chartered Accountant and Certified Internal Auditor with over 30 years of diversified experience in finance, internal audit, corporate governance, and investment management. He currently serves as Chief Executive Officer and Director of IGI Investments (Pvt.) Ltd., bringing significant leadership and governance expertise to the Board.

Board Effectiveness IGI Finex Securities has established key Board-level committees, including the ***1. Audit Committee, 2. HR Committee,*** and ***3. IT Steering Committee,*** which support effective oversight, risk management, and governance across the organization. These committees facilitate focused deliberations on their respective mandates and strengthen the Board's monitoring and decision-making processes. While the existing committee structure reflects a sound governance framework, the induction of a formally independent director, particularly on the Audit Committee, would further enhance board independence, strengthen oversight, and align governance practices with evolving corporate 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 IGI maintains a well-defined and streamlined organizational structure comprising eight core functional departments: **(1) Equity Operations & Risk Management, (2) Investment Banking & International Business, (3) Research, (4) Finance & Company Secretariat, (5) Compliance, (6) Sales, (7) IT Core Applications,** and **(8) Marketing.** All departments report directly to the Chief Executive Officer, enabling efficient decision-making, clear accountability, and effective execution of the Company's strategic objectives. Roles and responsibilities across each function are formally defined, fostering seamless coordination and operational efficiency. Additionally, selected corporate support functions, including Information Technology, Human Resources, and Administration, are managed through a shared-services arrangement with the Packages Group, allowing the Company to benefit from operational synergies, standardized processes, and cost efficiencies. Going forward, management intends to extend this shared-services model to the Marketing function, which is expected to further enhance operational effectiveness and optimize resource utilization.

Management Team IGI is led by **Mr. Syed Raza Hussain Rizvi (Chief Executive Officer)**, who has been associated with the Company since 2018 and possesses over 15 years of experience across management, strategy, mergers & acquisitions, and capital markets. The CEO is supported by a seasoned management team comprising experienced Heads of Department (HODs), all of whom report directly to him. The key management team includes **Mr. Saif Ullah Kazmi** (Master's), Head of Investment Banking, who joined the Company in 2025; **Mr. Zaeem Haider Khan** (Graduate), Head of Sales, associated with the Company since 2007; **Mr. Ahsan Iqbal** (ACCA, Master's), Head of Finance & Company Secretary, who joined in 2023; **Mr. Abdullah Farhan** (ACCA), Head of Research, associated with the Company since 2015; **Mr. Faraz Ullah Khan** (Graduate), Head of Risk & Equity Operations, with the Company since 2018; and **Mr. Muhammad Akif** (Master's), Head of Information Technology, associated with the Company since 2020. Collectively, the senior management team possesses significant industry experience across investment banking, brokerage operations, capital markets, finance, research, risk management, and information technology. The continuity and depth of the management team provide a sound foundation for effective execution of the Company's strategic initiatives, operational oversight, and business growth objectives.

Client Servicing IGI offers multiple client onboarding and service channels, including an intuitive online trading platform, a mobile trading application (iTrade), and in-person support through its branch network. A dedicated client servicing team assists customers throughout the account opening and investment process, ensuring timely support and a seamless trading experience. The Company continues to enhance customer convenience through digital initiatives and is planning to integrate account funding and payment capabilities with leading digital wallets, including JazzCash and Easypaisa. This initiative is expected to improve accessibility, streamline transactions, and further strengthen the overall client experience.

Complaint Management IGI has established a structured complaint management framework to ensure the timely handling and resolution of customer grievances. A dedicated Complaint Management team maintains comprehensive records of all complaints and monitors their resolution in line with internal service standards and applicable regulatory requirements. Customer complaints are generally resolved within one working day, reflecting the Company's focus on responsive client service. Periodic complaint reports are submitted to the SECP, ensuring regulatory compliance, transparency, and effective oversight of the grievance handling process.

Extent Of Automation / Integration IGI has invested in a technology-driven operating environment to support efficient, secure, and reliable brokerage operations. The Company utilizes a SECP-approved trading platform, integrated with its back-office and Order Management System (OMS), enabling seamless trade execution, settlement, risk monitoring, and client servicing. The back-office system and OMS are provided by Softech Systems (Pvt.) Ltd., supporting automation across key operational processes while enhancing accuracy, operational efficiency, and system reliability. The Company's technology infrastructure facilitates efficient transaction processing and provides a scalable platform to support future business growth and evolving client requirements.

Continuity Of Operations IGI has established a comprehensive business continuity and disaster recovery framework to ensure the uninterrupted delivery of critical business operations. The Company maintains a documented Disaster Recovery Plan (DRP), supported by multiple data backup mechanisms and system redundancies to mitigate operational disruptions arising from unforeseen events. Periodic backup procedures and recovery arrangements strengthen operational resilience and enable the timely restoration of critical systems, thereby supporting business continuity and minimizing potential downtime.

Internal Controls And Regulatory Compliance

Risk Management Framework IGI maintains a structured risk management framework designed to support its brokerage operations and safeguard the integrity of its trading activities. The Board of Directors provides overall oversight of the Company's risk management function through the formulation and periodic review of risk management policies. Operational risks are identified, monitored, and mitigated through established internal controls, a formal Code of Conduct, and well-defined Standard Operating Procedures (SOPs) governing trading hall and operational activities. The framework is supported by continuous risk monitoring and compliance practices aimed at ensuring regulatory adherence, operational efficiency, and effective management of key business risks.

Regulatory Compliance IGI maintains a dedicated Compliance Department responsible for ensuring adherence to the applicable regulatory framework governing its brokerage operations. The Company has established policies, procedures, and internal controls to ensure compliance with the requirements of the Securities and Exchange Commission of Pakistan (SECP), the Pakistan Stock Exchange (PSX), and applicable Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regulations. The compliance function also oversees adherence to applicable laws, regulatory directives, professional standards, and internal policies through ongoing monitoring, periodic reporting, and compliance reviews, thereby supporting a strong control environment and sound governance practices.

Business Sustainability

Operating Environment Pakistan's macroeconomic environment improved considerably during CY25, supported by progress under the IMF's Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF), easing inflation, a stable exchange rate, and strengthening external account indicators. Continued engagement with the IMF, coupled with the World Bank's long-term financing commitment, reinforced investor confidence and contributed to an increase in the SBP's foreign exchange reserves. During the year, the SBP adopted a relatively accommodative monetary policy stance, reducing the policy rate from 13.0% to 10.5% as inflation moderated, while maintaining a cautious approach amid evolving external sector risks and geopolitical developments. Despite temporary disruptions from monsoon floods and regional geopolitical tensions, inflation remained within manageable levels and the PKR remained broadly stable against the U.S. dollar. The improving macroeconomic backdrop translated into a strong performance for Pakistan's equity market during CY25. Average daily trading volumes increased to approximately 796 million shares from 567 million shares in CY24, while average daily traded value rose by 62% YoY to PKR 35.8 billion (CY24: PKR 22.2 billion), reflecting heightened investor participation and improved market liquidity. Although foreign investors remained net sellers during the year, the outflows were largely absorbed by domestic institutional investors, including mutual funds, banks, DFIs, insurance companies, brokers, and other organizations. The favorable market environment supported higher brokerage activity, resulting in improved commission income and stronger business volumes across the industry. During 1QCY26, the equity market remained active and continued to benefit from positive investor sentiment, supported by macroeconomic stability, continued progress under the IMF program, and expectations of sustained economic recovery. However, market volatility increased towards the end of the quarter amid heightened regional geopolitical tensions, particularly the Iran-Israel/US and broader Middle East conflict, which led to a temporary spike in international oil prices and cautious investor sentiment. Despite these developments, trading activity remained relatively healthy compared to historical levels, providing continued support to brokerage sector revenues. Going forward, the operating environment is expected to remain dependent on macroeconomic stability, the continuation of structural reforms under the IMF program, monetary policy direction, geopolitical developments, and the sustainability of investor confidence.

Performance IGI's operating revenue grew to PKR 560.877 million in CY25, up from PKR 350.985 million in CY24 (+59.8% YoY), driven by a sharp increase in brokerage income amid higher trading activity in the equity market; this momentum carried into 1QCY26, with brokerage revenue of PKR 157.716 million, up from PKR 107.614 million in 1QCY25 (+46.6% YoY). Within this, brokerage from equity operations remained the dominant revenue contributor, rising to PKR 626.450 million on a gross basis in CY25 (CY24: PKR 392.699 million) and to PKR 177.978 million in 1QCY26 (1QCY25: PKR 116.193 million), reflecting the Company's expanding retail and institutional equity market share; brokerage from commodity operations increased to PKR 5.104 million in CY25 (CY24: PKR 4.068 million) and to PKR 1.555 million in 1QCY26 (1QCY25: PKR 1.410 million); while advisory and consultancy income rose to PKR 13.455 million in CY25 (CY24: PKR 6.865 million) but declined to PKR 1.840 million in 1QCY26 (1QCY25: PKR 6.153 million), reflecting the lumpy, mandate-driven nature of advisory earnings. Other operating revenue, comprising profit on savings accounts, income on exposure deposits and dividend income, declined to PKR 239.538 million in CY25 (CY24: PKR 307.632 million) and to PKR 34.766 million in 1QCY26 (1QCY25: PKR 59.288 million), on the back of lower average interest rates during the period. Total operating income accordingly increased to PKR 800.415 million in CY25 (CY24: PKR 658.616 million) and to PKR 192.482 million in 1QCY26 (1QCY25: PKR 166.902 million), while profit after tax rose to PKR 305.055 million in CY25 (CY24: PKR 229.651 million), translating into earnings per share of PKR 5.87 (CY24: PKR 4.42), but declined to PKR 46.163 million in 1QCY26 (1QCY25: PKR 58.141 million) on account of higher operating and financial expenses coupled with a reduction in non-core income.

Strategy IGI is pursuing a digital-first growth strategy with a focus on expanding its retail investor base and enhancing the overall client experience. The Company continues to strengthen its digital ecosystem by improving its online trading platform and mobile application to provide seamless, efficient, and user-friendly access to capital markets. As part of its strategic roadmap, the Company plans to integrate its trading platform with JazzCash and Easypaisa, enabling users to open and fund trading accounts, execute trades, and manage investments directly through these digital wallet platforms. This initiative is expected to improve accessibility, simplify the investment process, and broaden the Company's reach by tapping into Pakistan's rapidly growing digital payments ecosystem. The strategy is expected to support higher retail participation, strengthen customer engagement, and drive sustainable business growth.

Financial Sustainability	
	Credit Risk IGI has established a comprehensive credit risk management framework supported by robust Know Your Customer (KYC), Anti-Money Laundering (AML), Customer Due Diligence (CDD), and Enhanced Due Diligence (EDD) procedures. The Company performs detailed client profiling and risk assessments at the account opening stage, with the EDD process being well-documented for higher-risk clients. Information obtained through these procedures is utilized for ongoing transaction monitoring, identification and reporting of suspicious activities, and compliance with applicable AML/CFT regulations. Credit exposure arising from brokerage operations is continuously monitored through defined internal controls and exposure limits, while trade receivables remain at manageable levels, reflecting prudent credit monitoring and effective collection practices. **Market Risk** IGI maintains a conservative market risk profile, underpinned by its policy of not undertaking proprietary trading activities, thereby limiting its direct exposure to market price volatility. The Company's investment portfolio primarily comprises strategic long-term investments in Pakistan Stock Exchange (PSX)-listed equities, which are pledged with the Central Depository Company (CDC) to comply with the Base Minimum Capital (BMC) requirements prescribed by the PSX. Long-term investments increased to PKR 75.307 million as at end-CY25 (CY24: PKR 44.482 million) and stood at PKR 47.960 million as at 1QCY26. Given the absence of proprietary trading exposure and the regulatory nature of these equity holdings, the Company's market risk remains contained, supporting a stable and prudent overall risk profile. **Liquidity Risk** IGI maintains a strong liquidity profile, supported by a healthy current ratio, substantial liquid assets, and a strong Liquid Capital Balance (LCB). As at end-CY25, the Company reported current assets of PKR 2,464.687 million against current liabilities of PKR 1,568.450 million, translating into a current ratio of 1.57x (CY24: 1.53x). The liquidity position remained sound at 1QCY26, with current assets increasing to PKR 3,263.719 million against current liabilities of PKR 2,315.291 million, resulting in a current ratio of 1.41x. The Company's liquidity is further supported by sizeable bank balances of PKR 1,552.220 million at end-CY25 (CY24: PKR 1,768.316 million) and PKR 1,785.301 million as at 1QCY26, providing ample cash resources to meet operational and settlement requirements. Furthermore, the Company's Liquid Capital Balance (LCB), computed in accordance with the SECP's Third Schedule Regulations, improved significantly to PKR 867.933 million at end-CY25 from PKR 535.472 million in CY24, indicating a strong liquidity cushion and adequate capacity to meet short-term obligations while complying with regulatory capital requirements. **Capitalization** IGI maintains a strong capitalization profile, supported by consistent earnings retention. The Company's equity base increased to PKR 1,182.593 million as at end-CY25 from PKR 867.141 million in CY24, primarily driven by retained earnings of PKR 305.055 million during the year, and further strengthened to PKR 1,201.409 million as at 1QCY26. Total assets stood at PKR 2,769.199 million at end-CY25 (CY24: PKR 2,743.444 million) and increased to PKR 3,544.172 million as at 1QCY26, reflecting business growth. The Company's Capital Adequacy Level (CAL), computed in accordance with PSX requirements, improved significantly to PKR 1,171.594 million as at end-CY25 from PKR 856.142 million in CY24, providing a substantial buffer over the prescribed regulatory requirement. The strong equity base, healthy capital adequacy, and internally funded balance sheet provide financial flexibility to support business expansion, absorb potential stress, and sustain long-term operational stability.

Together. Creating Value.

THE PAKISTAN CREDIT RATING AGENCY				
IGI Finex Securities Ltd.	Mar-26	Dec-25	Dec-24	Dec-23
PUBLIC UNLISTED LIMITED	CY26	CY25	CY24	CY23
FINANCIAL SUMMARY	3M	12M	12M	12M
	Management	Audited	Audited	Audited
FS PRINT MODE DISABLED				

BALANCE SHEET				
1 FINANCES	-	-	-	-
2 INVESTMENTS	47.96	75.31	44.48	94.53
3 OTHER EARNING ASSETS	283.22	150.89	-	155.28
4 NON-EARNING ASSETS	3,212.92	2,543.01	2,700.20	3,453.27
5 NON-PERFORMING FINANCES-net	14.44	14.44	-	(82.39)
TOTAL ASSETS	**3,544.10**	**2,769.20**	**2,744.68**	**3,703.08**
6 FUNDING	27.47	17.92	4.31	19.23
7 OTHER LIABILITIES (NON-INTEREST BEARING)	2,315.29	1,568.68	1,873.23	3,055.33
TOTAL LIABILITIES	**2,342.76**	**1,586.61**	**1,877.54**	**3,074.56**
TOTAL EQUITY	**1,201.41**	**1,182.59**	**867.14**	**628.52**

INCOME STATEMENT INCOME				
1 FEE BASED INCOME	157.72	560.88	658.62	159.45
2 OPERATING EXPENSES	(119.29)	(476.44)	(377.84)	(220.17)
3 NON-FEE BASED INCOME	34.77	239.50	-	461.28
TOTAL OPERATING INCOME (LOSS)	**73.19**	**323.93**	**280.78**	**400.56**
4 FINANCIAL CHARGES	(8.17)	(11.76)	(2.49)	(2.67)
PRE-TAX PROFIT	**64.19**	**304.36**	**283.10**	**400.80**
5 TAXES	(18.03)	0.62	(53.45)	(93.92)
PROFIT AFTER TAX	**46.16**	**304.98**	**229.65**	**306.88**

RATIOS BUSINESS SUSTAINABILITY				
1 PRE-TAX MARGIN	0.41	0.54	0.43	2.51
2 EBITDA MARGIN	0.46	0.56	0.43	2.58
3 EBIT RETURN ON ASSETS	7%	11%	9%	18%

FINANCIAL SUSTAINIBILITY				
1 TOTAL INVESTMENTS / EQUITY	0%	0%	0%	15%
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	73%	73%	76%	60%
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	8%	6%	3%	7%
4 TOTAL DEBT / TOTAL ASSETS	1%	1%	0%	0%

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)

Proprietary Information