



The Pakistan Credit Rating Agency Limited

Rating Report

Ismail Iqbal Securities (Pvt.) Limited | BFR

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
20-May-2026	BFR 3+	Stable	Maintain	-
20-May-2025	BFR 3+	Stable	Maintain	-
04-Jun-2024	BFR 3+	Stable	Upgrade	-
13-Jun-2023	BFR 3	Stable	Maintain	-
13-Jun-2022	BFR 3	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	IISPL is a family-owned business, with majority stake (65%) held by Mr. Ahfaz Mustafa. The remaining shares are divided between his sister Ms. Ayesha Naseem, and brother Mr. Azhar Iqbal (17.4% each), while Mr. Muhammad Taufique retains a nominal stake.
Governance	The Board presently comprises the Chief Executive Officer, Ahfaz Mustafa, and non-executive director Muhammad Taufique. The appointment of an independent director could further reinforce the Board governance architecture.
Management and Client Services	IISPL has implemented a streamlined organizational structure with clearly defined departments to enhance operational efficiency. While supported by an experienced management team, further clarification of key leadership roles could improve client service delivery.
Internal Controls and Regulatory Compliance	The Company maintains a sound control framework supported by offsite backups, formal KYC/CDD procedures, and full compliance with AML/CFT regulations as per the Securities and Exchange Commission of Pakistan. An established Audit Committee further enhances governance and oversight.
Business Sustainability	IISPL derives the majority of its revenue from core brokerage operations. In 1HFY26, commission income rose to PKR 162 million (SPLY: PKR 127 million). As of Dec 25, the investment portfolio stood at PKR 373 million (SPLY: PKR 184 million), primarily comprising short-term investments, exposing nearly 49% of the portfolio to market-related risk.
Financial Sustainability	IISPL maintains a strong capitalization profile, with equity increasing to PKR 579 million (SPLY: PKR 427 million) and LCB at PKR 289 million. During 1HFY26, the Company posted profit after taxation of PKR 136 million, compared to PKR 100 million in SPLY.

Key Rating Drivers

Fiduciary practices across client servicing, compliance, and core risk oversight remain integral to the control architecture, with incremental enhancements expected to further strengthen the overall governance and risk-management environment. Going forward, deepening management capacity, refining internal control mechanisms, incrementally strengthening client-protection, improving grievances mechanisms and conflict-management frameworks will remain important for sustaining and improving the fiduciary profile.

Disclosure

Name of Rated Entity	Ismail Iqbal Securities (Pvt.) 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	Amna Akmal amna.akmal@pacra.com +92-42-35869504

Profile

Background Ismail Iqbal Securities (Pvt.) Limited ('IISPL' or the Company), with its inception in the year 2004, became a Corporate Member of the Karachi Stock Exchange. IISPL is presently a TREC holder of the Pakistan Stock Exchange, as well as an SECP registered Underwriter and Book Runner.

Operations Ismail Iqbal Securities (Pvt.) Limited operates through two branches, both in Karachi. The Company deals in equity trading which is the primary source of revenue, while also engaging in the underwriting and advisory services. issues along with services of MTS/MFS.

Ownership

Ownership Structure IISPL is a family-owned business and the stakes are being divided among family members where the majority of shareholding lies with Mr. Ahfaz Mustafa (65%). The remaining stake is held by his sister Ms. Ayesha Naseem and brother Mr. Azhar Iqbal (17.4% each) while Mr. Muhammad Taufique also holds one share.

Stability The ownership being concentrated to family enhances its stability, with succession planning also in place.

Business Acumen The Company's primary sponsor possesses relevant educational backgrounds and extensive industry-specific working knowledge. The overall assessment of the strategic thinking capability of sponsors is comfortable.

Financial Strength The main sponsor, Mr. Ahfaz Mustafa has a sizeable personal net worth along with a well established and well-known family group.

Governance

Board Structure The Company's board of directors comprises two experienced individuals including the CEO - Mr. Ahfaz Mustafa and a non-executive director - Mr. Muhammad Taufique. The presence of an independent director would strengthen the governance framework.

Members' Profile Both the directors are seasoned professionals and possess manifold experiences in the relevant fields. The board members are skilled and experienced to oversee the business operations efficiently.

Board Effectiveness To ensure an effective control environment and compliance with reporting standards, the Company has constituted an Audit Committee at the board level. The Committee is chaired by the non-executive director.

Financial Baker Tilly Mehmood Idrees Qamar is the external auditor and is ranked in the 'A' category in the State Bank's list of approved auditors. The auditor has expressed an unqualified opinion on IISPL's financial statements for FY25.

Management And Client Services

Organizational Structure The Company has a lean organizational structure with the following departments, i) Finance, ii) Compliance, iii) IT, iv) Research, v) Business Development, and vi) Equity Sales. All HODs report directly to the CEO and the Company has created all requisite positions to ensure smooth operations. During 9MFY24 the Company has streamlined its organizational structure to enhance operational efficiency. Separation of functions such as compliance and risk management may bode well for IISPL moving forward.

Management Team Mr. Ahfaz Mustafa is the CEO of the Company since 2008. He has more than 15 years of experience in the equity market. The management team of the Company comprises seasoned professionals with considerable financial services sector experience.

Client Servicing The Company offers multiple account opening mediums. Similarly, various channels, including a mobile app, are available to customers to monitor their transactions. The Company has a strong client reporting mechanism with account statements and market reports communicated to the clients on a regular basis. IISPL has recently revamped the website by improving the user interface and providing dedicated sections for grievances and complaints, research data, links to different regulators, and more.

Complaint Management An adequate complaint management system is in place. Complaints can be made via e-mail, SMS, calls, and website. IISPL may consider implementing a ticket-based complaint management system with in-built tracking to cater the increase in clientele over time.

Extent Of Automation / Integration The front-end and back-end software are installed with full integration and procured from SECP-approved vendors. The system has the ability to generate timely reports and incorporates primary and secondary level protection.

Continuity Of Operations IISPL has a detailed disaster recovery plan to ensure business continuity at the time of disaster. Moreover, backups are maintained on daily basis.

Internal Controls And Regulatory Compliance

Risk Management Framework The Company has a qualified and experienced resource, Mr. Junaid Haroon, as the head of Compliance to look after regulatory matters; however, he is also responsible for finance and risk management functions. Separation of these functions with a separate manager for each will be more in-line with the industry's best practices. IISPL may consider forming an internal audit department to further strengthen the control framework.

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

Business Sustainability

Operating Environment In CY2025, Pakistan's brokerage industry experienced exceptional market performance, with the KSE-100 Index delivering a 51% year-on-year gain — the third consecutive year of strong double-digit returns. Average traded volumes increased 40% year-on-year to 798 million shares, and average daily traded turnover in US dollar terms rose 64% year-on-year to USD 130 million, marking a 17-year high. Improved macroeconomic stability under the IMF Extended Fund Facility, declining inflation (CPI averaging 3.5% in CY2025 vs. 13% in CY2024), and SBP monetary easing supported strong investor sentiment. Commercial Banks and Cement sectors outperformed the broader index by significant margins.

Performance During 1HFY26, the Company generated commission income of PKR 162.2 million, representing a 28% increase compared to the same period last year (1HFY25: PKR 126.9 million). This revenue growth was entirely commission-based, derived from both high-net-worth individuals and institutional clients, supported by elevated trading volumes on the Pakistan Stock Exchange. The Company reported a net profit after tax of PKR 136.5 million, reflecting a 36% increase from PKR 100.1 million earned in the corresponding period last year. Core operating profit also improved to PKR 62.6 million (1HFY25: PKR 46.8 million), reflecting stronger underlying business momentum. However, it is notable that the bottom line was materially supported by PKR 75.4 million in unrealized gains on the proprietary book; excluding this, recurring earnings quality remains contingent on sustained market activity and prop book performance.

Strategy Going forward, IISPL plans to continue focusing on capturing more HNWI and Corporate clients, with a plan to enhance their corporate advisory footprint in the near future.

Financial Sustainability

Credit Risk The main credit risk for a brokerage company results from providing clients with margin facilities to trade through leverage. IISPL does not allow clients the facility of leveraged trading apart from a selected few clients with whom they have long-term relationships, thus limiting their credit risk exposure.

Market Risk As of December 2025, the Company's short-term quoted securities portfolio to PKR 374million (Dec 2024: PKR 184 million). Out of PKR 374 million, PKR 75 million pertains to long-term investments, while PKR 13 million is hedged. The remaining PKR 285 million represents short-term investments, of which constitutes approximately 49% equity exposure, indicating exposure to market risk. To address this, the Company implemented a structured investment policy with scrip/sector limits, ensuring SECP/PSX compliance. This framework strategically balances portfolio expansion with disciplined risk containment.

Liquidity Risk As of December 2025, the Company maintained current assets of PKR 1,255.6 million against current liabilities of PKR 708.7 million, translating into a strong coverage ratio of 1.77:1. This healthy liquidity profile comfortably meets regulatory capital requirements and provides resilience against market volatility. The sizeable liquidity buffer not only supports timely settlement of obligations but also offers strategic agility, a key advantage in Pakistan's dynamic brokerage landscape where rapid fund mobilization and compliance readiness are critical.

Capitalization The Company's equity base strengthened to PKR 578.6 million as of December 2025, reflecting continued profit retention and balance sheet expansion. The Liquid Capital Balance (LCB) stands at PKR 289 million, comfortably above SECP's prescribed minimum threshold, reinforcing the firm's capacity to withstand market fluctuations and meet settlement commitments with ease.



THE PAKISTAN CREDIT RATING AGENCY

Ismail Iqbal Securities Pvt. Ltd.
PRIVATE LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Dec-25 FY26 6M Management	Jun-25 FY25 12M Audited	Jun-24 FY24 12M Audited	Jun-23 FY23 12M Audited
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BALANCE SHEET

1 FINANCES	-	-	-	-
2 INVESTMENTS	380.69	132.59	37.70	22.28
3 OTHER EARNING ASSETS	5.88	123.50	245.31	-
4 NON-EARNING ASSETS	909.37	594.72	312.95	299.98
5 NON-PERFORMING FINANCES-net	-	-	-	-
TOTAL ASSETS	1,295.94	850.81	595.96	322.27
6 FUNDING	185.22	49.91	-	5.43
7 OTHER LIABILITIES (NON-INTEREST BEARING)	532.08	358.55	271.75	128.84
TOTAL LIABILITIES	717.29	408.46	271.75	134.27
TOTAL EQUITY	578.64	442.35	324.21	188.00

INCOME STATEMENT

INCOME				
1 FEE BASED INCOME	162.20	253.66	126.40	63.89
2 OPERATING EXPENSES	(99.60)	(162.46)	(104.63)	(83.52)
3 NON-FEE BASED INCOME	83.66	66.72	131.49	(10.67)
TOTAL OPERATING INCOME (LOSS)	146.26	157.92	153.26	(30.30)
4 FINANCIAL CHARGES	(8.29)	(13.54)	(14.39)	(19.21)
PRE-TAX PROFIT	146.36	144.39	139.11	(47.99)
5 TAXES	(9.87)	(26.25)	(2.89)	(7.53)
PROFIT AFTER TAX	136.49	118.14	136.21	(55.52)

RATIOS

BUSINESS SUSTAINABILITY				
1 PRE-TAX MARGIN	0.90	0.57	1.10	(0.75)
2 EBITDA MARGIN	0.95	0.64	1.21	(0.40)
3 EBIT RETURN ON ASSETS	0.29	0.22	0.33	(0.07)

FINANCIAL SUSTAINABILITY

1 TOTAL INVESTMENTS / EQUITY	0.66	0.30	0.12	0.12
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.50	0.54	0.49	0.35
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.29	0.51	0.46	0.14
4 TOTAL DEBT / TOTAL ASSETS	0.14	0.06	-	0.01

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
<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>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.</p>	<p>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.</p>	<p>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.</p>	<p>A change in rating due to a revision in the applicable methodology or underlying scale.</p>

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".

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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

- (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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