



The Pakistan Credit Rating Agency Limited

Rating Report

Dr. Arslan Razaque Securities (Pvt.) Limited | BFR

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Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
19-Mar-2026	BFR 3	Stable	Maintain	-
21-Mar-2025	BFR 3	Stable	Maintain	-
22-Mar-2024	BFR 3	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	Dr. Arslan Razaque Securities (Pvt.) Limited ("DARSPL" or the "Company") is a family concentrated business, with Dr. Arslan Razaque holding a 99.98% ownership stake. The structure is viewed positively given the strong financial position of the primary sponsor.
Governance	The Board of Directors (BoD) of DARPL comprises three members: the CEO, Mr. Arslan Razaque, along with Mrs. Rabia Razaque and Mr. Ali Razaque. Going forward, the inclusion of an independent director may further strengthen the governance and oversight framework.
Management and Client Services	DARSPL management and client servicing framework aligns with its operational scale. Complaints can be lodged via email, SMS, or phone. The client base mainly comprises retail customers, including Dr. Arslan family and acquaintances; expanding the retail base may further enhance client services.
Internal Controls and Regulatory Compliance	Regulatory compliance is overseen by the Head of Compliance, while internal controls are supported by the presence of an internal auditor. However, the development of more formalized policies and internal procedures may further strengthen the overall control environment.
Business Sustainability	The Company has a limited presence in the brokerage sector, reporting brokerage income of ~PKR 0.4mln during 1HFY25 (SPY: ~PKR 0.5mln). Additionally, proprietary investments stood at ~PKR 92mln as of December 2025, representing ~46% of the equity base and exposing the Company to market risk.
Financial Sustainability	Liquidity indicators are considered adequate. During 1HFY26, the Company equity base increased by 24% to PKR 201mln (June 2025: ~PKR 162mln). The Liquid Capital Balance stood at PKR 130mln as of December 2025, providing sufficient liquidity support to meet the operational requirements.

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	Dr. Arslan Razaque Securities (Pvt.) Limited BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Methodology Rating Modifiers(Apr-25),Assessment Framework Broker Fiduciary Rating(Jan-26)
Related Research	Sector Study Brokerage Firms(Feb-26)
Rating Analysts	Usama Ali usama.ali@pacra.com +92-42-35869504

Profile

Background Dr. Arslan Razaque Securities (Pvt.) Limited (the 'Company' or 'DARPL') is a licensed TREC member of the Pakistan Stock Exchange and a member of the Pakistan Mercantile Exchange Limited, and was incorporated in 2006 under the repealed Companies Ordinance, 1984.

Operations The Company is engaged in equity brokerage and leveraged products (MFS/MTS). The clientele of the company is segmented is mainly the family and friends of Dr. Arslan Razaque.

Ownership

Ownership Structure Dr. Arslan Razaque is the primary sponsor and owner of DARPL with a 99.98% shareholding of the Company. The wife and brother of Mr. Arslan, Mrs. Rabia, and Mr. Ali Razaque, each own 0.01% of ownership respectively.

Stability Mr. Arslan has been involved with the capital markets for over 20 years, and has a keen interest in the market. There is no written shareholding agreement or succession plan in place, therefore stability may be considered on the weaker side.

Business Acumen The primary sponsor has developed a keen insight into the capital markets with his years of experience.

Financial Strength The sponsor has good financial strength and may inject equity into the business with an increasing quantum of operations. Mr. Arslan is comfortable with injecting equity if the need arises, showcasing his adequate financial strength and his support to the business.

Governance

Board Structure The board of directors (BoD) of DARPL comprises three board members with two non-executive directors. One is the CEO, Mr. Arslan, while the other is his wife Mrs. Rabia and his brother Mr. Ali Razaque.

Members' Profile Mr. Arslan is a certified M.B.B.S. doctor, having decades of specialized medical experience along his capital markets experience. Whereas Mr. Ali Razaque is also a certified M.B.B.S. doctor and has done his PostGraduation from London School of Economics UK and Harvard USA. Mr. Ali has a decorated career and has served as Regional Adviser United Nations (UNAIDS), in Cairo, Egypt.

Board Effectiveness Currently, no BOD committees are present at the Company. However, the presence of BOD-level committees will provide an oversight to the overall performance of the Company.

Financial Amin Mudassir & Co. Chattered Accountants are the external auditors of the Company and are in the 'B' category on SBP's panel of auditors. The auditors have expressed an unqualified opinion for the financial statements of FY25. The Company maintains an internal audit function to strengthen its control framework, which is chaired by Mr. Syed Nauman Ali Shah and reports directly to the CEO.

Management And Client Services

Organizational Structure The Company has a lean organizational structure in place, where all departmental heads report to the CEO. The main departments of DARPL include, i) Accounts & Finance, ii) Compliance, iii) Internal Audit, and iv) Marketing. The CEO himself directly performs proprietary investment functions.

Management Team The management team has adequate exposure to the capital markets. The departmental head has had at most 5-6 years with the Company. The senior management is adequately qualified, with each department being led by experienced professionals. Mr. Muhammad Saeed oversees compliance, while Mr. Faizan Arslan serves as the General Manager of the Marketing Department. Mr. Matloob Ahmad manages the Accounts Department, and Ms. Sana Shehzad Ali holds the position of Human Resources Manager, ensuring the effective management of the company's human capital. Additionally, Mr. Amir Saeed is part of the team, holding the position of KATS Operator (Trading).

Client Servicing The Company offers adequate client servicing along with providing limited trading insights to its clients.

Complaint Management The Company has established compliant policies and effectively monitors them. Complaints can be lodged via email, SMS and calls.

Extent Of Automation / Integration The Company has streamlined its operations through limited ERP deployment. DARPL generates reports at day-end for monitoring.

Continuity Of Operations DARPL has a detailed disaster recovery plan to ensure business continuity at the time of disaster. Moreover, backups are also performed on a daily basis with a separate server present outside the office premises.

Internal Controls And Regulatory Compliance

Risk Management Framework At the moment risk management doesn't exist whereas an internal audit function exists. The BOD of the company actively drives the risk management framework wherein it provides an active approach in dealing with factors that influence the financial health of the company. Moreover, the audit committee is chaired by the CEO, resulting in limited control effectiveness.

Regulatory Compliance The head of compliance ensures regular monitoring of controls and systems, therefore ascertaining that all functions are in line with the applicable policies and procedures.

Business Sustainability

Operating Environment In the first half of FY26, the Pakistan brokerage industry continued to benefit from strong equity market performance, with the KSE-100 Index up more than 50% year-on-year and trading activity staying elevated amid improving valuations and broad participation. The market's forward P/E multiple rose from low single-digit levels toward mid-single digits, reflecting better earnings prospects and continued investor interest in equities relative to fixed income. Domestic investor participation increased, and despite mixed foreign flows, the overall capital market remained attractive to both retail and institutional investors. While higher trading volumes supported brokerage commission income, intense competition among brokers and rising operational costs continued to exert pressure on margins. The favorable macroeconomic backdrop, including lower interest rates and better liquidity conditions, helped sustain market activity, but the industry remained sensitive to external economic developments and single-event risks.

Performance During 1HFY26, the Company earned brokerage and commission income of ~PKR 0.45mln (Dec'24: ~PKR 0.51mln). However, the top line was primarily driven by higher capital gain on marketable securities amounting to ~PKR 32.08mln (Dec'24: ~PKR 13.27mln), resulting in total revenue of ~PKR 32.53mln (Dec'24: ~PKR 13.78mln). Supported by other income of ~PKR 19.31mln (Dec'24: ~PKR 57.41mln), the Company reported a net profit of ~PKR 38.59mln for Dec'25 (Dec'24: ~PKR 41.94mln). The profitability remained adequate, mainly backed by capital gains and other income, which includes gains from re-measurement at fair value and interest income.

Strategy DARPL plans to keep focusing on retail customers, while also enhancing its presence within corporate clientele. The Company also plans to place incentivized traders in the house and tapping international customers for which the CEO visited USA, indicating possible growth in the topline.

Financial Sustainability

Credit Risk Credit risk generally arises from two types of transactions. Transactions that are settled within T+2 framework and that are settled beyond T+2 framework. T+2 transactions carry relatively less credit risk. The second transaction exposes the company towards higher credit risk. The risk arises in case of adverse price movement of scrip along with a client's refusal to honor commitment. DARPL has limited customers and the trade debts amounted to just ~PKR 2mln at end-Dec'25, resulting in negligible credit risk.

Market Risk Market risk emanates from decrease in the value of an investment, due to adverse moves in market and market factors. Volatility frequently refers to the standard deviation of the change in value of a financial instrument with a specific time horizon. DARPL maintains a significant proprietary book amounting to ~PKR 92mln at end-Dec'25. The proprietary investment exposes the bottom-line of the Company to market fluctuations. In this regard, DARPL's CEO Mr. Arslan himself controls and manages the proprietary investments, effectively managing investments on a timely basis according to market conditions.

Liquidity Risk Dr. Arslan Razaque Securities (Pvt.) Limited (DARPL) has an adequate liquidity profile, with current assets standing at ~PKR 260mln as of end-Dec'25 compared to ~PKR 103mln of current liabilities on the same date, reflecting a comfortable cushion to meet its short-term obligations.

Capitalization Dr. Arslan Razaque Securities (Pvt.) Limited operates on a low-leveraged capital structure, maintaining a conservative approach toward borrowings. As of end-Dec'25, the Company's leverage stood at ~PKR 130mln, with no long-term debt on its balance sheet, reflecting reliance primarily on short-term facilities. Meanwhile, the equity base strengthened to ~PKR 201mln, indicating improved capitalization and a sound financial cushion.

THE PAKISTAN CREDIT RATING AGENCY

Dr. Razzaque Securities (Pvt.) Limited
PRIVATE LIMITED
FINANCIAL SUMMARY

FS PRINT MODE

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	123.17	85.01	85.55	50.40
2 INVESTMENTS	109.08	95.02	73.32	56.02
3 OTHER EARNING ASSETS	0.93	2.80	0.33	0.96
4 NON-EARNING ASSETS	74.19	64.45	44.34	39.79
5 NON-PERFORMING FINANCES-net	-	-	-	-
TOTAL ASSETS	307.38	247.28	203.54	147.17
6 FUNDING	68.65	68.65	62.65	55.65
7 OTHER LIABILITIES (NON-INTEREST BEARING)	38.17	16.60	20.86	2.85
TOTAL LIABILITIES	106.82	85.25	83.51	58.50
TOTAL EQUITY	200.56	161.97	120.03	88.67

INCOME STATEMENT

INCOME

1 FEE BASED INCOME	0.45	0.51	0.50	0.51
2 OPERATING EXPENSES	(13.24)	(27.03)	(18.08)	(6.09)
3 NON-FEE BASED INCOME	51.05	70.52	49.83	(2.83)
TOTAL OPERATING INCOME (LOSS)	38.26	44.00	32.25	(8.41)
4 FINANCIAL CHARGES	(0.01)	(0.03)	(0.01)	(0.01)
PRE-TAX PROFIT	38.59	44.12	33.29	1.95
5 TAXES	-	(2.18)	(1.15)	(0.59)
PROFIT AFTER TAX	38.59	41.94	32.15	1.36

RATIOS

BUSINESS SUSTAINABILITY

1 PRE-TAX MARGIN	85.48	87.12	65.95	4.36
2 EBITDA MARGIN	85.51	87.18	65.98	4.38
3 EBIT RETURN ON ASSETS	0.28	0.20	0.19	0.01

FINANCIAL SUSTAINABILITY

1 TOTAL INVESTMENTS / EQUITY	0.54	0.59	0.61	0.63
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.65	0.59	0.65	0.54
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.47	0.49	0.43	0.43
4 TOTAL DEBT / TOTAL ASSETS	0.22	0.28	0.31	0.38

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".

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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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