

NEXT CAPITAL LIMITED

Analysts:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	A-	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	January 21, 2026		November 28, 2024	

Shareholding (5% or More)

Mr. Muhammad Najam Ali ~ 27.48%
Mr. Muhammad Zulqarnain ~ 15.82%
Mr. Adnan Afridi ~ 9.99%
MCB Bank Limited – Treasury ~ 9.69%
Mrs. Hanna Khan ~ 7.74%
Maple Leaf Cement Factory Ltd ~ 7.50%

Other Information

Incorporated in 2009
Public Listed Company
Chief Executive Officer: Ms. Humaira Asad
External Auditor: Grant Thornton Anjum Rahman Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Broker Entity Rating:
<https://docs.vis.com.pk/Methodologies-2025/BrokerEntityRating.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

Assessment of the financial profile reflects improvement in the Company's operating revenue, supported by higher brokerage income amid strong trading activity in the market along with contribution from advisory segment. While the revenue mix remains dominated by equity brokerage, the presence of advisory segment supports revenue diversification. The company registered profits after two years of losses. The company has also set up Finqalab, a wholly owned subsidiary, which is a digital and investment platform. The Company has phased out its proprietary investments, thereby limiting the exposure to market risk. Liquidity and capitalization profile of the Company is considered adequate.

The business risk of the Company remains high, given its presence in the brokerage industry, which is characterized by inherent volatility, intense competition, and strong regulatory environment. Going forward, enhancement in the revenue base, along with improvement in operational efficiency, capitalization and liquidity profile will remain important for ratings.

Company Profile

Next Capital Limited ('NCL' or 'the Company'), a public listed company incorporated in December 2009, has been in the business of brokerage and advisory services more than 15 years. NCL caters primarily to equity broking services to domestic retail and high net worth (HNWI) clients, local institutions and foreign broker dealers. Alongside, the company has a reputable presence in investment banking & corporate financial advisory business in Pakistan. NCL, besides a head office based in Karachi, runs its brokerage operations through a branch in Lahore.

The Company has a wholly owned subsidiary, Finqalab Technologies, a fintech company that provides a mobile-based platform for stock market investing for retail clients. The platform is designed to simplify access to trading tools and real-time market data, and also offers investor education through its academy initiatives and YouTube channel. During 3MFY26, Finqalab was transferred to a wholly owned subsidiary of the Company. The platform since its inception has gained significant traction, with more than 9,500 users onboarded through this platform, with more than 80% being the first-time investors. The platform provides the Company with strategic avenues for retail client acquisition and growth in brokerage revenue.

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding of the Company is vested by Mr. Najam Ali (27.48%), Mr. Muhammad Zulqarnain (15.82%), Mr. Adnan Afridi (9.99%), MCB Bank Limited (9.69%), Mrs. Hanna Khan (7.74%), and Maple Leaf Cement Factory Limited (7.50%).

Mr. Najam Ali has over 35 years of rich experience of working in different capacities in Pakistan's capital markets. Prior to forming NCL, Mr. Najam Ali served as CEO of JS Investments Limited and served twice as the Chairman of MUFAP. He was also the founding CEO of the Central Depository Company (CDC) and has served on the Board of Directors of Pakistan Oilfields Limited, Askari Bank Limited, KSE, and NCCPL. He is a member of the Institute of Chartered Accountants in England & Wales and Institute of Chartered Accountants of Ontario – Canada. He is a qualified Certified Public Accountant – USA and holds a Bachelor degree in Economics from the University of Michigan, Ann Arbor, USA. Mr. Ali has also attended and successfully completed the 'Advanced Management Program' at the world renowned Harvard Business School, USA.

Ms. Humaira Asad has recently been appointed as the Chief Executive Officer of the Company, succeeding Mr. Najam Ali. She completed her bachelor's degree (major in Finance) from the University of Karachi in 2014 and her MBA (major in Finance) from the Institute of Business Administration (IBA), Karachi, in 2024. Ms. Asad began her career at NCL as an Associate, Investment Banking, and was subsequently promoted to Assistant Vice President, Investment Banking, in 2019. She later served briefly at Habib Bank Limited as Senior Manager, Investment Banking, before rejoining NCL in 2022. She brings nearly 11 years of diversified experience in Pakistan's capital markets. In addition to extensive advisory and investment banking experience, she has been part of Finqalab's strategy team and currently serves as a Visiting Faculty at the Institute of Business Administration (IBA), Karachi.

Management and Governance

Overall, the governance framework is considered strong, supported by a seven-member board of directors, including two independent directors. The Company's board committees comprise Audit, Human Resource & Remuneration, Risk Management, and Investment, with three of these committees headed by an independent director.

Internal controls & IT

For back-office operations and online trading, the Company utilizes BackConnect, an ERP platform encompassing modules for online trading, settlement, custody, financial management, and risk control. Contingency measures are in place, with information and data backed up at least monthly on the file server. The IT team periodically restores data on test servers and conducts verification through reports and other procedures. Furthermore, the Company maintains Know Your Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in line with Securities and Exchange Commission of Pakistan (SECP) guidelines, all of which have been duly implemented.

Business Risk

INDUSTRY

The performance of the brokerage sector remains closely linked to the macroeconomic indicators of the country. The sector is inherently volatile and is characterized by high business risk due to its cyclical nature, fragmented structure, intense competition, and strong regulatory oversight.

During FY24, PSX achieved the highest equity market performance globally, with the KSE-100 Index soaring to 78,444.96, a significant increase from 41,452.69 in FY23. The index recorded an annual return of 89% in PKR terms and 94% in USD terms. The surge was driven by improved economic indicators such as increased exports and remittances, a notable decline in inflation, decrease in base interest rates and favorable financial developments, including the successful completion of the IMF Stand-by Agreement.

The positive momentum extended into FY25, with the KSE-100 delivering a strong return of ~60%, reaching a high of 125,627, globally positioning Pakistan amongst one of the best performing stock markets. This growth was underpinned by sustained economic recovery, monetary easing, and a stable currency. The Staff level agreement on the first review for the 37-month Extended Fund Facility as well as a new 28-month arrangement under the resilience and sustainability facility (RSF) has further enhanced investor confidence, while improvements in private sector credit, auto financing, petroleum sales, power generation, exports, and remittances further contributed to market activity. Looking ahead, while the potential risks, including any potential devaluation of the PKR and political uncertainty, could pose challenges, improving macroeconomic indicators along with declining external financing needs are likely to sustain market performance.

The IPO market in Pakistan showed notable activity in FY25, raising PKR 4.4bn across four offerings on the Main and GEM Boards, albeit lower than FY24, which recorded over PKR 6.0b raised across six listings in both boards. Main Board IPOs in FY25 came from sectors such as Pharmaceuticals, Technology and Communications, and Food and Personal Care, with BF Biosciences Ltd. raising PKR 1.93bn, Zarea Ltd. raising PKR 1.03bn, and Barkat Frisian Agro Ltd. raising PKR 1.23bn. GEM Board listings included The Pakistan Credit Rating Agency Ltd. (PKR 112mn) and Burj Clean Energy Modaraba (PKR 100mn). In addition, right share issues in 2025 raised PKR 7.7bn, showing continued activity in capital markets. Going forward, given the Improved liquidity and macroeconomic condition, IPO activity is expected to remain strong in FY26.

Financial Risk

CAPITAL STRUCTURE

As at Sept 30, '25, the equity base of the Company contracted to PKR 422.0m (Jun 30, '25: PKR 435.1m, Jun 30, '24: PKR 406.3m), owing to losses reported during the period. The short-term borrowings of the Company reduced to PKR 90.0m as at Sept 30, '25 (Jun 30, '25: 150.0m, Jun 30, '24: PKR 150.0m, which has lowered the gearing ratio, standing at 0.32x (Jun 30, '25: 0.44x, Jun 30, '24: 0.50x). on the other hand, leverage indicator has increased to 1.77x as at Sept 30, '25 (Jun 30, '25: 1.56x, Jun 30, '24: 1.13x), attributable to increase in trade payables.

PROFITABILITY

During FY25, the Company's operating revenue increased by ~72% to PKR 287.6m (FY24: PKR 166.6m). This improvement was primarily driven by the increase in gross brokerage income which doubled to PKR 238.4m (FY24: PKR 121.1m), supported by heightened trading activity in the stock market. Within the brokerage segment, domestic institutional clients accounted for ~50% of the brokerage income while retail clients contributed ~49% to the brokerage revenue, indicating stability in revenues. The Company has a notable institutional client base, which has supported overall brokerage revenue. Going forward, sustained activity in the equity market is anticipated to underpin brokerage revenues. On the investment banking side, a well-established business segment for the Company, income from advisory operations increased by ~37.5% to PKR 92.3m (FY24: PKR 67.1m). Operating expenses of the Company increased in tandem with an increase in revenue to PKR 148.0m (FY24: PKR 108.6m), while administrative expenses dropped slightly to PKR 132.6m (FY24: PKR 134.8m). The Company's bottom line turned positive in FY25, with Profit After Tax (PAT) rising to PKR 28.7m (FY24: loss of PKR 21.7m).

The positive trend in operating revenue continued into 3MFY26, with revenue reported at PKR 81.0m (3MFY25: PKR 39.8m), representing a strong year-on-year increase of ~103%. Nevertheless, the cost-to-income ratio, which had improved to 79.6% in FY25 (FY24: 111.1%), increased to 104.6% in 3MFY26, reflecting deterioration in operational efficiency and resulting in a negative bottom line for the period, albeit lower than the corresponding period. A significant portion of the same was attributable to the change in accounting treatment for expensing out operating costs (~additional Rs. 20m) of Finqalab through profit & loss, rather than capitalization on the balance sheet and the inherent cyclicity of the advisory business. While Finqalab has been carved out as a separate subsidiary, management indicates that the operational transfer of brokerage-related revenues and expenses will take time and in the interim, will majorly be reflected in Next Capital's unconsolidated accounts. Nevertheless, revenues from Finqalab are expected to begin contributing positively, supporting an improvement in overall efficiency ratios over the medium term. Going forward, sustaining profitability while broadening the revenue base will remain important for ratings.

CREDIT RISK

As at Sept 30, '25, the Company's trade debts stood at PKR 116.8m (Jun 30, '25: PKR 73.0m; Jun 30, '24: PKR 122.9m), while trade creditors were recorded at PKR 609.7m (Jun 30, '25: PKR 482.3m, Jun 30, '24: PKR 254.8m). The aging profile of receivables is considered satisfactory. To manage credit risk, the Company has developed its own risk management policies and guidelines under which trading limits are assigned to clients based on their net worth, appropriate margins are secured and maintained. Client exposures are monitored on an ongoing basis, and provisions are recorded for balances assessed as doubtful. Additionally, the Company obtains necessary collateral to further mitigate credit risk.

MARKET RISK

As at Sept 30, '25, the Company was not carrying any proprietary investments on its books (Jun 30, '25: PKR 0.1m; Jun 30, '24: PKR 101.3m), thereby limiting its exposure to market risk. Going forward, the Company intends to maintain this stance of refraining from proprietary investments.

LIQUIDITY RISK

As at Sept 30, '25, the Company's liquid assets, comprising short-term investments, cash balances, and NCCPL deposits, amounted to PKR 665.9m (Jun 30, '25: PKR 557.3m, Jun 30, '24: PKR 413.4m). Coverage of liquid assets against total liabilities stood at 0.89x as at Sept 30, '25 (Jun30, '25: 0.82x; Jun 30, '24: 0.90x), indicating adequate liquidity coverage.

FINANCIAL SUMMARY (amounts in PKR millions)**Appendix I**

BALANCE SHEET	FY21A	FY22A	FY23A	FY24A	FY25A	3MFY26M
Trade Debts	382.5	296.1	217.3	122.9	73.0	116.8
Intangible Asset	3.5	75.8	132.3	184.9	235.1	3.5
Deposits and Prepayments	208.5	131.1	47.6	94.3	140.0	89.2
Long Term Investments in PSX Shares	0.0	0.0	0.0	0.0	0.0	0.0
Proprietary Book	4.0	60.4	206.0	101.3	0.1	0.0
Cash and Bank balances	332.7	221.7	87.3	225.8	424.9	592.0
Taxation (refundable)	41.91	40.13	41.21	40.78	40.86	40.40
Total Assets	1,199.5	1,150.5	816.8	865.9	1,113.1	1,169.3
Trade and Other Payables	510.01	440.75	201.46	254.80	482.32	609.70
Long Term Loans (including lease liability)	31.3	22.8	25.4	41.5	29.0	30.8
Short Term Loans – secured	150.0	150.0	150.0	150.0	150.0	90.0
Short Term Loan- Unsecured		0.0	0.0	0.0	0.0	0.0
Total Liabilities	705.0	625.3	388.8	459.6	678.1	747.3
Paid up Capital	495.0	495.0	569.3	569.3	569.3	569.3
Net Worth	494.5	525.3	428.0	406.3	435.1	422.0
INCOME STATEMENT	FY21A	FY22A	FY23A	FY24A	FY25A	3MFY26M
Operating Revenue	368.2	417.3	119.2	166.6	287.5	81.0
Administrative & Operating Expenses	291.3	332.9	213.6	243.5	280.6	100.9
Finance Cost	23.0	26.1	18.5	36.3	26.9	4.7
Profit/(Loss) Before Tax	111.1	63.3	-89.7	-3.1	38.1	-7.7
Profit After Tax	82.0	30.8	-97.2	-21.7	28.7	-13.1
RATIO ANALYSIS	FY21A	FY22A	FY23A	FY24A	FY25A	3MFY26M
Liquid Assets to Total Liabilities (%)	76.5%	64.0%	85.6%	90.0%	82.2%	89.1%
Liquid Assets to Total Assets (%)	45.0%	34.8%	40.7%	47.7%	50.1%	56.9%
Current Ratio (x)	1.55	1.60	1.66	1.42	1.20	1.20
Leverage (x)	1.43	1.19	0.91	1.13	1.56	1.77
Gearing (x)	0.39	0.34	0.43	0.50	0.44	0.32
Efficiency (%)	71.4%	71.6%	133.7%	111.1%	79.6%	104.6%
Prop book to Equity (%)	0.8%	11.5%	48.1%	24.9%	0.0%	0.0%
ROAA (%) *	8.3%	2.6%	-9.9%	-2.6%	2.9%	-4.6%
ROAE (%) *	18.2%	6.0%	-20.4%	-5.2%	6.8%	-12.2%

A-Actual Accounts

M-Management Accounts

* Annualized, if required

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Next Capital Limited				
Sector	Brokerage				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	21-Jan-26	A-	A2	Stable	Reaffirmed
	28-Nov-24	A-	A2	Stable	Reaffirmed
	02-Oct-23	A-	A2	Stable	Reaffirmed
	03-Aug-22	A-	A2	Stable	Reaffirmed
	10-Mar-21	A-	A2	Stable	Reaffirmed
	15-June-20	A-	A2	Stable	Reaffirmed
	10-Apr-19	A-	A2	Stable	Reaffirmed
	19-Mar-18	A-	A2	Stable	Reaffirmed
19-Jan-16	A-	A2	Stable	Initial	
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS’ ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	Name		Designation	Date	
	Ms. Humaira Asad		Chief Executive Officer	December 03, 2025	
	Mr. Rizwan Yousuf		Head of Internal Audit		